SIR WILLIAM MACKINNON, SHIPOWNER, 1823 - 1893

by

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ABSTRACT

This thesis is a study of Sir William Mackinnon as a shipowner and as a man who played an important part in opening East Africa to British influence. By shrewdness and good fortune he took advantage of the dramatic progress in communications, which was part of the Industrial Revolution, and he built up a shipping company which became a major trading concern in the Indian Ocean. Under the influence of humanitarian ideas, and particularly those of David Livingstone, he felt a duty to use some of his wealth to improve the lot of less fortunate people and so he engaged in various commercial and philanthropic enterprises in Africa, and the company which he founded there towards the end of his life made a substantial contribution to British colonisation in East Africa.

He became supreme as a shipowner, and his business acumen was undoubted, but his involvement in international affairs exposed his weakness as a politician and as an administrator. In the whirlpool of the scramble for Africa he was out of his depth beside the political giants of the time.

The Mackinnon Papers, which were the most important source of information for this thesis, reveal Mackinnon as a man of rather narrow outlook, but deep religious convictions who believed that good works received their just reward. Compared with many of his contemporaries, who were involved with Africa, such as Henry Morton Stanley, Cecil Rhodes and King Leopold of Belgium, he was not very imaginative but in his desire to spread the benefits of Christian civilisation he was more sincere and humane.

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PREFACE

There is no biography or autobiography of William Mackinnon, and apparently only two attempts have been made to write about his whole life. The first was made by J. Macmaster Campbell in 1934. This in fact was a lecture delivered at Keil School which was later printed[1]. The second attempt was made by Margaret Macdougall in an article in the Glasgow Herald in 1965[2]. Otherwise there seems to be nothing, which is surprising considering that by the time of his death Mackinnon must have been one of the richest men in Britain, and that many lesser people have been written about. There are probably two main reasons for the lack of books about him. First, information about his life till he was about thirty three is very scarce. Second, he was not absolutely pre-eminent in any field. He was prominent as an empire builder and as a humanitarian, but anyone seeking an archetype would turn to a different subject, such as Cecil Rhodes or George Taubman Goldie for a businessman-imperialist, and to someone such as Livingstone or Fowell-Buxton for a humanitarian.

Perhaps the reason is simply that Mackinnon did not achieve much political importance. He had his greatest

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1. Articles in the Campbeltown Courier, 20 and 27 January, 1934.

2. Glasgow Herald, 6 March, 1965.

opportunity to exercise political influence during the 1880's in East Africa, but on the whole he was unsuccessful. He was extremely shrewd financially, but he did not have the administrative and political skill necessary to promote a commercial cum humanitarian enterprise. This is not especially surprising because, apart from any inherent deficiencies, he did not begin to gain experience in politics until he was over fifty years old, and his major company in Africa was not established till he was sixty five by which time his abilities were clearly in decline. Up to the age of about fifty his life was narrowly commercial, and indeed very little is known about him before 1856, when he formed his first shipping company. Mackinnon is nevertheless worth study because he made a major contribution to the growth of trade in the Indian Ocean and to British colonisation in East Africa.

After 1856 a great deal more is known about him chiefly because he then spent most of his time in Britain and much of the correspondence between him and his subordinates in India has survived. Also the company kept records which formed the basis for George Blake's book, B.I. Centenary 1856-1956 [1]. The book lists all the ships which had been owned by the company, indicates which were sold and variously lost, and it

1. G. Blake, B.I. Centenary, 1856-1956, London, 1956. (The British India Steam Navigation Company is usually referred to as the B.I.).

gives details about many of them. It also provides information about some of the captains, and relates stories by and about them. It proved an invaluable source, but in this thesis the investigation has been carried much further, first in making use of the Mackinnon Papers, and of records in the India Office Library, and secondly in examining the effect of the revolution in communications which occurred in Mackinnon's life-time.

The Mackinnon Papers, which were the main primary source for this thesis, have mostly been arranged chronologically according to author, but there is one tin trunk full of letters which have not been sorted, others contain account books of Mackinnon's various companies, and one box contains only the proceedings of the legal action which was instituted against him. Altogether, there is an extensive correspondence, comprising thousands of letters most of which were addressed to him by business associates, and friends over a period of about thirty years. There are copies of his own letters, the most important letters are the incoming ones from people like James Macalister Hall of his own shipping company, Sir John Kirk, Henry Morton Stanley, Horace Waller, Sir Harry Johnston, and from high officials in the Foreign Office, and the India Office.

The Papers shed light on Mackinnon's character, his relations with subordinates, and on the kind of problems

which concerned him about the B.I. Such problems as the competition from the P. & O. Company, and from the French Messageries Imperiales. His correspondence with James Macalister Hall is of particular interest, because Hall was a very close friend; he was subordinate only to Mackinnon in the B.I.'s hierarchy, and the letters available (although mostly from Hall to Mackinnon) cover a period of about thirty years. Their correspondence reveals, among other things, Mackinnon's anxiety about what would happen to the company after he and Hall died. It has always been implied, by those who dealt with the issue, that the huge merger between the B.I. and P. & O. Companies which took place in 1914 was conceived and arranged by the then chairmen of the two companies[1]. But it is quite clear from the correspondence between Mackinnon and Hall that, during their last years, they seriously considered a merger with the P. & O. as a possible way of safeguarding the B.I.'s future.

Documents in the India Office Library and the India Office Records have been used to show how Mackinnon actually won contracts to run subsidised shipping lines[2]. They contain his applications and disclose the arguments which he used to support them. The reasons were usually along the lines that the

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1. B. Cable, A Hundred Year History of the P. & O., 1837-1937, London, 1937, p.206.
   D. Divine, These Splendid Ships: The Story of the P. & O., London, 1960, p.175.

2. Mostly departmental documents in the India Office Records, particularly Marine Department, Public Works Department and Political and Secret Department.

promotion of legitimate trade was the best weapon against slaving, that a prosperous shipping line would help Britain against her commercial rivals, and that in return for its subsidies government would receive good value by way of regular and reliable postal services. These records also contain many of the comments of the officials and politicians who considered Mackinnon's applications, and some light is shed on the remarkable way in which he gained his first contract, which had in fact already been offered to another company. A typical contract appears as an appendix to this thesis.

Finally, with regard to the B.I., particular emphasis has been placed upon the importance of the technological advances which were made in the nineteenth century. Mackinnon profited from the great growth in trade which was a feature of the Industrial Revolution, and in a sense his shipping company was part of the communications system which made such immense progress during his life-time on both land and sea.

It is worth dwelling on the story of the B.I., because although Mackinnon is most often referred to in relation to his activities in Africa, it was in fact as a shipping magnate that he was outstanding. His expensive ventures in Africa were only possible because he was able to finance them from the profits of the B.I. He

subscribed £25,000 when the Imperial British East Africa Company was founded, he granted £10,000 towards the administration of Uganda, he contributed at least £3,000 for the Emin Pasha Relief Expedition, and he spent thousands of pounds on the construction of about seventy miles of road from Dar-es-Salaam. He also incurred considerable expenses over an experiment with Indian elephants in East Africa, in providing a vessel free of charge for Sir Bartle Frere's mission to East Africa, and in assisting Leopold's Congo enterprises in various ways. The B.I., in short, enabled him to be a sort of one man foundation for African development schemes.

Because of Mackinnon's admiration for Livingstone and the close friendship which he developed with such people as Sir John Kirk and Horace Waller, one feels that he should have been actively concerned with African affairs during the 1860's, but it has not been possible to find evidence for this in the Mackinnon Papers, the Waller Papers, or elsewhere. Perhaps there are other documents yet to be unearthed, but Dr. Foskett, who has access to Kirk's papers, has found nothing to show that Mackinnon was concerned with the Zambezi expedition or with the Universities Mission, so it appears that he did not become involved with East Africa till the early 1870's.

The chapter on the City of Glasgow Bank deals with an aspect of Mackinnon's career which, so far as I know, has not previously received attention, except to the extent that the case was reported, and that P.E. Tyson has written a chapter on Scottish Investment in American Railways[1]. The action caused Mackinnon a great deal of anxiety and extra work for about eighteen months, but its significance from his point of view is that, out of a sordid situation, he emerged as a man of complete integrity and very considerable financial acumen.

The story of the Mackinnon Concession has already been told many times, notably by Coupland in The Exploitation of East Africa[2], and by Miss de Kiewiet in her thesis on the I.B.E.A. Company[3]. She made the important discovery that Lord Salisbury quite deliberately sabotaged the concession negotiations. The reason for their abrupt end had always been a mystery. The present thesis does not add to the well known story, but it places more emphasis on Mackinnon's contribution to the failure of the negotiations, because a

1. R.E. Tyson, "Scottish Investment in American Railways" in P.L. Payne, Studies in Scottish Business History, London, 1967.

2. R. Coupland, The Exploitation of East Africa, 1856-90, London, 1939, pp.300-318.

3. M.J. De Kiewiet, "History of the Imperial British East Africa Company, 1876-1895" (University of London Ph.D. thesis, 1955).

careful reading of the correspondence suggests that his early enthusiasm was not sustained. It is particularly noticeable that for the best part of a year he did virtually nothing to further the scheme. There appear to be two reasons for this. First, his attitude to African enterprises was ambivalent. On the one hand he felt a duty to help, as he said,

> "... the wretched people who have been trampled on and debased throughout the ages ...",

and on the other hand his very shrewd business sense made him doubt the commercial viability of the schemes. Second, his friend John Kirk was also inclined to have doubts on further reflection. He was keen for a major company to be established to secure British interests in East Africa, and to save the domain of the Sultan of Zanzibar from further disintegration, but when he saw the draft terms of agreement he realised that the company's ability to raise revenue would be severely limited by existing treaties. Mackinnon's lack of drive for most of 1877 may also have been due partly to his health. He was not very well, but perhaps more important was the fact that he was chronically worried about his health, and by the threat to it from overwork.

By 1880 he was not the prime mover in any major concern, apart from his shipping company, and for the next five years he seemed to be looking for an opportunity to engage in some scheme. He met Gordon for the first time in 1880, and for a

moment there seemed to be a possibility of involving Gordon in an East African enterprise, but this came to nothing, and for the next few years Mackinnon devoted most of his attention in Africa to supporting Leopold's ventures in the Congo. He continued to do so long after it had become obvious to many people that Leopold was more interested in exploiting than in civilising Africans. This was mainly because Mackinnon took a more charitable view of human nature than, for example, Stanley did. He was inclined to believe what people said, unless they were Germans, and so he rather naively accepted Leopold's publicity at its face value for longer than was reasonable.

All the time that he was supporting King Leopold, however, he seemed to be looking over his shoulder towards the other side of the continent, and to the negotiations which had failed in 1878. The possibility of launching some scheme in East Africa was raised with Gordon in 1880 and 1882, and then by Mackinnon and others in 1885, when it was proposed that a railway be built. He became the prime mover again in 1886 when he promoted the expedition to rescue Emin Pasha, and within the next two years he obtained concessions and formed the Imperial East Africa Company. But characteristically he began to have misgivings about the company's future almost as soon as it was formed. In December 1888 he said to the British Consul at Zanzibar:

> "... We are pushing on with the company's affairs in London with all the speed we can. I hope it won't prove much labour and money wasted. The public maintain their interest in us, but know little of the undercurrent of opposing German influence. I have reason to believe that we have the personal sympathy of high personages in our views and efforts, but of course high political considerations must be supreme ..."[1]

If Mackinnon included Lord Salisbury among the "high personages" he was mistaken, because Lord Salisbury was unsympathetic and even less confident in the company's future than Mackinnon was, having said, in the very month that the company got its charter, that he thought it would probably go bankrupt one day.

From the outset the company suffered from German competition and inadequate support from the British government. It undertook responsibilities which were far beyond its resources, and before Mackinnon died in 1893 it was clear that it could not continue. He must have felt that it had failed, but in fact it achieved some success in his terms, because the British government declared a protectorate over Uganda in 1894, and over East Africa in 1895, and this was possible only because the company had maintained a British presence in the territories concerned during the previous few crucial years. If he had lived a little longer he would have been proud to see how he had contributed to the extension of British influence in East Africa.

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1. MP. Mackinnon to Euan Smith, 26 December 1888.

I. BEGINNINGS

Mackinnon was born on 23 March 1823, in Campbeltown near the end of the long Kintyre peninsula which points southwards from the west coast of Scotland towards Ireland. The landscape is of rugged, wild Highland beauty with rocky coasts and sweeping sandy bays. On a clear day one can enjoy the full flavour of this scenery by whichever route one approaches Campbeltown. There is the main road running down the west side of the peninsula facing Islay, or there is the more twisty way via Carradale with lovely views of Arran. It is possible to spend half a day travelling by boat from the mainland through the Kyles of Bute or to use the regular air service from Renfrew which takes forty minutes.

In about 1093, the town came under the control of Norsemen and later was adopted as a sort of capital by the Macdonald Clan which named it Kinlochkerran. It then became involved in the historic feud between the Macdonalds and Campbells. When King James VI of Scotland failed to subdue the Macdonald stronghold, he authorised the Campbells of Argyll to assault it, and he bequeathed the town and surrounding country to them in 1607[1]. The chronic struggle which followed led to the serious depopulation of Kintyre which was later hit by the plague of 1647.

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1. Ordnance Gazetteer, Scotland, Vol.I, pp.227-229.

Eventually the Macdonalds were defeated and their former citadel was renamed Campbeltown in 1609, by Archibald the "Grim", Seventh Earl of Argyll. He encouraged people who had supported him, from the Lowlands and other parts of Scotland, to settle there and in the adjoining lands.

The prosperity of Campbeltown grew and received a great stimulus with the introduction of a fishing bounty in 1765. This was a subsidy paid to each vessel which had been out on a fishing cruise for not less than three months. It was based on a ships' tonnage and the number of barrels of fish caught, and it has been estimated that by 1785, Campbeltown was earning £15,000 from this subsidy[1]. The town's population also grew. It roughly doubled during the eighteenth century, and reached its maximum size at the end of the nineteenth century, when it had approximately twelve thousand inhabitants, 34 distilleries, and 646 fishing boats. These industries have declined since then, but during Mackinnon's lifetime Campbeltown was a relatively wealthy town by West Highland standards[2].

It was also very puritanical. The immigrants from the Lowlands had strengthened the puritanical elements in Kintyre. They were very strict about religious observance

1. C. Mactagart, Life in Campbeltown in the 18th century, p.14.

2. Personal letter from the editor of the Campbeltown Courier, 24 February 1967.

and regarded most forms of recreation as sinful. As a result the moral tone of life in Campbeltown was set by extremes. On the one hand there was much drunkenness, because so much alcohol was distilled cheaply in the town and because there were few recreations. On the other hand the Town Council and Church were severely restrictive in their views on drinking, gambling and other "vices". This outlook prevailed into the nineteenth century and influenced Mackinnon, who came from a devout family and early took to religion and plain living.

New Road, in which he was born, was later re-named Argyll Street, but the town has not changed greatly since his day. Even the house where he was born stood till 1960, and it had a plaque on it which said:

> "In this house lived Sir William Mackinnon, Bart., the Founder of British East Africa. A leader who added fleets to the Commerce and great territories to the Dominions of the Country. His life guided by Christian Charity and Courage, is proudly remembered in this his native town. Born 1823, Died 1893.
>
> In thy Fear will I worship toward thy Holy Temple. Ps. 5. Erected by his friend Lord Lorne, 1894."

The Council house now in its place bears a similar plaque[1].

Mackinnon's immediate forebears came from the island of Arran in about 1755. His parents Duncan Mackinnon and Isabelle Currie were married in 1798, and his father claimed

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1. Personal letter from the Librarian, Campbeltown Public Library, 3 March 1967.

descent from the Mackinnons of Arran who had received the Barony of Sliddery from Robert the Bruce. William acquired land in Skye, the traditional home of the Mackinnon Clan, but his greatest attachment was to Kintyre, where he bought the estates of Balinakill and Loup. Possibly he was attracted to Loup because his grandmother came from there[1]. At any rate that is where he made his home.

Considering that he was the fourteenth child of a poor family[2], living in a small town, he got a surprisingly good schooling. Duncan Morrison's elementary school provided the usual basic teaching, but his exceptionally good education was derived from Dr. Brunton who was Rector of Campbeltown Academy, and a scholar of some repute[3]. He was impressed by Mackinnon's ability and gave him a great deal of private tuition. And he, more than anyone else, was responsible for Mackinnon's abiding respect for knowledge.

Mackinnon's lifelong devotion to religion also developed during this period. He owed this to his devout family, to the generally very religious attitude in Campbeltown, and to the fact that during his youth there raged a controversy over patronage in the Church of Scotland.

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1. Personal letter from Mrs. G.M. Pollok, Mackinnon's great-niece, 9 February 1967.

2. Ibid.

3. J. Macmaster Campbell, op.cit.

Discontent about abuses in the Kirk had been simmering for a long time and matters were brought to a head in 1834, when a motion was passed in the General Assembly which said that no pastor could be appointed if his appointment were opposed by a majority of the male heads of families of the congregation. This came to be known as the Veto Act, and the jubilant majority insisted on its being put into effect as soon as possible. The measure, however, was highly controversial, and in a test case the Scottish Supreme Court virtually declared the Act ultra vires. Two years later, in 1839, the House of Lords, hearing the case on appeal, took a similar view and said that objections on the part of parishoners were irrelevant and could not override the rights of patrons.

Many who were dissatisfied with these decisions withdrew from the established Church. Numerous pastors gave up the emoluments and privileges they enjoyed with the Establishment and formed their own Free Church in 1843. It has been estimated that the Church of Scotland lost about a third of its membership in this way. The Free Church in effect became a parallel organisation, with its own churches, manses, schools, finances and missionary projects.

> "... It provided a ministry zealous, orthodox, evangelical, narrow and strait-laced perhaps and self-consciously pietistic, but one that served Scotland well ..."[1].

Mackinnon was twenty when the breach finally occurred within the Church, so the heated controversy was waged during the very impressionable years of his life. This may have caused him to be a particularly strong supporter of the sect. Certainly the Free Church at the village of Clachan, where he lived, and others were later sustained by him financially.

In spite of being far more able than his contemporaries in Campbeltown, Mackinnon did not leave to seek greater scope for his talents at the earliest opportunity. He first entered business by running a grocery shop with a friend[2]. It was only when this failed that he moved to Glasgow and got a job in a mercantile firm. He did so well at this that he was taken on by a Portugese merchant who made him an assistant and after three years offered him a partnership.

He would probably have accepted had he not received a more attractive invitation to join Robert Mackenzie in Calcutta. The suggestion that they were old school friends is not plausible because Mackenzie was ten years older, but they were both from Campbeltown and clearly acquainted

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1. J.H.S. Burleigh: A Church History of Scotland, Oxford, 1960, p. 356.

2. Personal letter from Mrs. G.M. Pollok, 9 February 1967.

because Mackenzie invited him out, although Mackinnon had no wealth to contribute, and they established the firm of Mackinnon & Mackenzie within a few months of Mackinnon's arrival.

Mackinnon left his home in 1846 and landed in Bombay. From there he travelled overland to Calcutta where he stayed with James Macdonald[1], a family friend, and started work in a sugar mill at Cossipore a few miles from the city up the Hoogly river. But he soon gave up this job to start the new firm of Mackinnon & Mackenzie.

Before following his fortunes in business it is worth considering the climate of opinion in Britain at that time, because it clearly had some influence on the way in which Mackinnon conducted his enterprises. He grew up in a Victorian Britain which was expansive and self-confident. Her navy was supreme and she dominated world trade. Her people believed in the inevitability of progress, and promoting trade overseas was considered not only good for business but also as part of a civilising mission. It brought money into Britain and took Christian morality to the primitive peoples of Africa, Asia and the Americas. Commerce and private enterprise were the agents for extending the benefits of British civilisation. The activities of

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1. Personal letter from Mrs. G.M. Pollok, 9 February 1967.

Mackinnon's companies perfectly reflected these attitudes. For years the firm of Mackinnon & Mackenzie paid substantially for the maintenance of the Scottish Free Kirk in Calcutta, the B.I. supported anti-slavery action off the East African Coast and the I.B.E.A. company was instrumental in furthering British influence in East Africa.

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Before Mackinnon died, Victorian Britain had become rather disillusioned about its civilising mission; it had acquired more empire and doubts had arisen about the inevitability of progress. But doubts and questions were hardly troubling public opinion during the formative years of his life. In these years Britain was confident that it should acquire no more empire. It believed in free trade and the minimum of government. The country preferred political influence and commerce to possession and rule. Force could be used reluctantly to protect business interests and to promote trade, but imperial rule was to be avoided. It could be expensive and it was not necessary for profitable commerce. Experience showed that the most rapidly expanding trade was with the United States and the territories overseas where European and particularly British emigrants had settled: Canada, Australia and South America. The emigrants to these countries had a greater taste for British products than had the inhabitants, for instance, of the countries round the

Indian Ocean. They were industrious and their economies were expanding. Other parts of the world were less attractive economically. Since the ending of the slave trade, for example, investment in West Africa had become infinitely more risky than investment in North America. There was the constant menace of disease, a difficult climate and the threat of tribal warfare. Before the opening of the Suez Canal, East Africa was too remote for the available trade and Zanzibar was regarded merely as an outpost of the Indian Empire. On the African continent only South Africa was of serious interest to Britain, but even here the interest was in the strategic value of the naval base on the route to India[1].

From a political and economic point of view India was an exception to the general rule about overseas territories. In 1847, when Mackinnon arrived in Calcutta, British official and public opinion was certainly against acquiring overseas possessions, but in the case of India British authority was already in existence. A considerable trade had grown up between the two countries and there were substantial British investments in the sub-continent.

British relations with the East, up to the middle of the nineteenth century, had fallen into three broad periods.

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1. R. Robinson and J. Gallagher, Africa and the Victorians, London, 1965, pp. 1-16.

About 150 years of trading, starting seriously with the East India Company's Charter in 1600, followed by about 50 years of conquest, followed after the Napoleonic wars by organised rule for the benefit of the Indians.

India was nominally governed by the East India Company, but its powers were being eroded gradually, and authority really lay with the British Government. A major breach of its privileges was the ending of its Indian trade monopoly in 1813. It finally ceased to be a trading concern when its monopoly of the China trade was ended in 1833-34, and it ceased to rule even nominally in 1858, after the Mutiny, when India came under a Viceroy.

India had moreover acquired great strategic importance. About half of the British army was stationed there and at a time when Russia was expanding into Siberia and Central Asia this army acted as a shield against her southward expansion as well as providing a vital element for British policy in South East Asia, the Far East and the Indian Ocean as a whole. During the nineteenth century units of this army were used in areas as far apart as China and Egypt[1]. While Mackinnon was attracted to Calcutta by his friend Robert Mackenzie and Britain's unique trade relations with India, he was fortunate to start business in the East on the eve of revolutionary

1. Robinson & Gallagher, op.cit., pp. 12-13.

improvements in communications. These improvements together with the industrial revolution in Britain, of which they were an aspect, led to the doubling of trade between Britain and India during the period of his business life. The mid-nineteenth century was a propitious time for an enterprising man to establish himself in India.

During the first half of the century India's internal communications were very poor. The few roads were in bad condition and the only extensively navigable waterways were the Ganges and Indus. When the ending of the East India Company's monopoly in 1813, and the introduction of a regular steamship service in 1840 did not lead to the expected rapid growth in trade with Britain, India's poor internal transport was regarded as chiefly responsible. The steamship service connected the two countries but the principal way of moving goods within India, by bullock-cart over rough roads, stultified business. Transport costs were unnecessarily high, British manufactures could not reach the majority of Indians and India's exports were limited to a few commodities. Moreover products such as cotton often got wet and spoiled by the time they reached the ports.

With an estimated population of one hundred and fifty millions, India was regarded as a potentially very lucrative market, and commercial interests lobbied to have the country

opened up by a network of railways. To try to persuade the reluctant East India Company, they argued that a railway system would strengthen its political and military control while reducing total expenses. These points were driven home when the Company met with disasters in Afghanistan in 1842, and when it got involved in war with the Sikhs during the late 1840's.

The influential merchants in Britain and India who pressed for the construction of railways in the 1840's were largely the same as had urged the need for a government-supported steamship service a decade earlier[1]. They had mastered the technique of lobbying, and internal changes were made to improve trade. Trunk roads were built, a railway system was constructed, the electric telegraph and a cheap postal system were introduced. Before 1850, expenditure on public works in India was about £250,000 a year. By 1854 this figure had risen to £4,000,000 and a separate Public Works Department was established[2].

In 1849 the first contract for railway construction was awarded, and in 1853 the first line, 21 miles long, running from Calcutta, was opened to the public. The real breakthrough in the improvement of communications occurred

1. D. Thorner, Investment in Empire, Philadelphia, 1950, p. 22.

2. H.J. Habbakuk, 'Free Trade and Commercial Expansion', Cambridge History of the British Empire, vol.II, (1940), p. 764.

during the Governor-Generalship of Lord Dalhousie which lasted from 1848-1856, years which almost exactly coincided with the laying of the foundations of Mackinnon's wealth in India. He arrived in 1847 and in 1856 established the Calcutta and Burmah Steam Navigation Company. During this period the firm of Mackinnon & Mackenzie built its business on the basis of agencies and general trading in the wide variety of goods which were flowing more easily with improving communications.

The construction of railways in India followed the greatest railway boom in Britain's history. The 2,000 miles of Britain's railways in 1844 were increased to 5,000 five years later. And an interesting feature of this expansion is that Dalhousie became head of the Railway Department at the Board of Trade in 1845. His efforts to exercise greater government control over railway development in Britain were frustrated by powerful railway interests and their allies, but the experience he gained was most valuable in India, where he was able to secure more influence on behalf of the East India Company, which still nominally governed the country.

The contracts signed in 1849 provided that the two railways, the East Indian and the Great Indian Peninsular, should deposit their capital with the East India Company. They could only draw on it with the consent of the Company and for projects approved by it. In return for this control

over development, the E.I. Company accepted considerable financial responsibilities. In particular, it agreed to pay 5% interest on all capital deposited with it[1].

The Mutiny in 1857 emphasised the need for better communications. In that year only three hundred miles of railways were in operation. Had there been more, the task of re-asserting British authority would have been easier. The moral was drawn and there was a deliberate and massive investment in railway development. It has been estimated that about 75 million pounds of British capital had been invested in Indian railways by 1870[2].

Telegraphic communications were also improving. As early as 1839 an experimental electric telegraph, twenty one miles long, was constructed in the vicinity of Calcutta under the direction of William O'Shaughnessy. He claimed it was the first long line ever constructed in any country, but he was not able to infect the East India Company or the public with his own enthusiasm and no serious progress was made for ten years[3]. Then Dalhousie ordered the laying of long experimental lines above and below ground. Again his

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1. Thorner, op.cit., p. 169.

2. L.H. Jenks, The Migration of British Capital, London, 1963, p. 225.

3. M.N. Das, Economic and Social Development of Modern India, Calcutta, 1959, pp. 109-111.

experience in the Board of Trade proved useful, because he had been there when the first Act incorporating the electric telegraph company in England was passed. The experiments in India were successful and three lines were opened to the public in 1852. They also proved much more profitable than had been expected so the construction of more lines was authorised. In November Dalhousie was able to report that he had received a message from Agra, 800 miles away, in one hour fifty minutes. This was a dramatic moment and the thousands of miles of line laid during his Governor-Generalship revolutionised communications within India, but the time it took messages to pass between India and Britain was not cut so easily. Before the line to Bombay was completed, the telegraph from Calcutta to England took thirty five days. Thereafter it took twenty six, but the procedure was still tortuous. The first overland telegraph between Europe and India was completed in 1865, and the first direct cable between Britain and Bombay was laid in 1870. The advent of the telegraph over these long distances created a great disparity between the speed of news and goods. It also radically changed the nature of commercial dealings, although this was not welcomed by everyone, because manufacturers could get in touch directly with overseas markets and producers without having to negotiate through an intervening merchant.

The third major improvement to internal communications was the introduction of a simplified postal service. The British "penny post", started in 1838, had proved so successful that it was decided to introduce a similar scheme in India to replace the existing expensive, slow and rather chaotic arrangements. The new service began in 1854 with a separate postal department under a Director-General. Basically it provided a uniform half anna postage for letters, one anna for newspapers and six annas for sea postage. The result was a rapid expansion in the amount of business transacted through the post and within five years the system was making a profit[1].

The high investment in public works and the great improvements to communications generally made for stronger government control but they also led to major economic changes. Easier access to the ports facilitated the export of foodstuffs and industrial crops. These exports brought money to the Indians, who were able to buy foreign manufactured goods, and thus the whole tempo of commerce was quickened. Within India legislative changes were also promoting business. By the early 1840's internal customs duties had been abolished and export duties were being reduced gradually till only that on rice remained in 1874. These

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1, Das, op.cit., p. 199.

measures lowered the price of Indian goods while the abrogation of discrimination in favour of British shipping provided keener competition. Externally the steamship, the telegraph and later the opening of the Suez Canal were to increase trade.

Largely as a result of these developments the nature of Britain's commerce with India changed. Until the 1850's India was known chiefly as a source of drugs, dyes, spices, oil, sugar, saltpetre and silk products, but whereas trade in these products remained static, other commodities, notably tea and cotton became important exports. The opening up of the country, particularly by railways, made specialised production for a market possible. The isolation of districts was diminished and the enormous variations of prices from one area to another was gradually reduced.

The growth in tea production also reflected its increasing popularity in Britain. The East India Company started an experimental tea garden in 1835, and officials of the Company and other British personnel began to grow tea privately on a small scale. After five years the experimental garden was handed over to the Assam Company, the first Indian Tea Company. The industry did not prosper however till the 1850's when it started a

spectacular expansion over the next twenty years as the following figures for Assam show[1]:

Year	No. of estates under distinct proprietors	Areas under cultivation (acres)	Output of tea in lbs.
1850	1	1,876	216,000
1870	295	31,303	6,261,143

The tea habit was not only growing in Britain, but Indian was gaining in popularity more rapidly than China tea.

The other commodity which came to the fore in this period was cotton. For a short time indeed India was Britain's most important source of supply. Her share of Britain's imports rose from 7% in 1861 to about 66% in 1864[2]. Admittedly, Britain's total imports had dropped a great deal by 1864 and India's position as the chief supplier of cotton only lasted till the disruption of imports from the United States, caused by the Civil War, was over. Nevertheless as a factor in the development of the Indian trade this interlude was important. The port of Bombay grew rapidly during the period, as the outlet for cotton and wheat from the Punjab and the United Provinces, and it has remained a port of first class importance ever since.

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1. D.R. Gadgill: The Industrial Evolution of India in Recent Times, London, 1924, p. 48.

2. Habakkuk, op.cit., pp. 774-775.

In return India bought British textiles and manufactures; and until she developed her own industry, textiles constituted well over half of her imports from Britain.

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In Mackinnon's time Calcutta looked more metropolitan and had a larger European population than either Bombay or Madras. Besides being a major commercial centre in the East, it was also the seat of government in India till 1912, so its British population contained a substantial official element. To a considerable extent this was recruited from the upper classes in Britain as the following quotation from Alexander's East India magazine of the 1830's shows:

> "Of the number of Writers appointed from home during the past five years, three were the sons of noblemen, eight were baronets sons, twenty one the sons of clergymen, forty six the sons of Company's civil servants, seventy four sons of officers in the Company's army, thirty seven of officers in His Majesty's army and eight were sons of Directors"[1].

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1. Quoted by R. Pearson, Eastern Interlude, Calcutta, 1954, p. 216.

At the time of Mackinnon's arrival the members of this bureaucracy regarded themselves as very superior to the non-official Europeans. They had very little social contact with the non-officials while the Europeans as a whole did not associate with the Indians. Calcutta society was therefore highly stratified, but during the 1840's and 50's the city was changing in character fairly rapidly. Materially there were improvements: street lights were introduced in 1854, there was better sanitation and horse drawn cars came into use. Socially there were changes also.

First, the European traders who failed to make good were merging with the Eurasian community while those who prospered were joining the mercantile class. Second, a new category of European was coming to Calcutta: the "mercantile assistant". In 1849 for example the firm of Mackinnon & Mackenzie brought out two assistants from Scotland: James Macalister Hall, a friend of Mackinnon's, and Peter Mackinnon, a nephew. Third, the Bengal Chamber of Commerce was established in 1853. This became an important organ for expressing the views of the commercial community. It helped raise the community's social status and acquired considerable political influence. In 1857, Mackinnon wrote to his nephew Peter in Calcutta saying: "... I am glad you find the government officials affable

and pleasant to deal with ...", but he could not have written in these terms a few years earlier. Employees of Mackinnon & Mackenzie became prominent in the affairs of the Chamber, and in 1878 Duncan Mackinnon was elected its President. Finally, social change within the European community was accelerated when the Crown formally took over rule from the East India Company and selected its staff by competitive examination. This did not change the character of the civil service immediately, but it did reduce the importance of family connections and influence.

Very little is known about Mackinnon's partner, Robert Mackenzie, but it seems that he had inherited a business in India from a relative Robert Mackwhinnie.[1] He built this up by acquiring agencies till he was quite a well known trader in Bengal by the 1840's, but unfortunately he was drowned in 1853, in a shipwreck on his way back from Australia. Mackinnon and J.M. Hall paid 51,000 Rupees to his brother for his share in the firm which was now clearly headed by Mackinnon,[2] with Hall, who lived with him at Cossipore, as his chief assistant.

Others who joined Mackinnon in India and made their careers with him included his nephew Peter Mackinnon and

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1. Blake, op. cit. PP. 16-17.
2. Ibid. P. 22

Neil MacMichael. Macmichael lived at Ghazipur with Robert Mackenzie and later went to Australia where he stayed for years as the chief representative of Mackinnon's businesses. Another nephew Duncan Macneill went out to India later and with Mackinnon's help started his own line of small river steamers and obtained interests in tea and jute production.

Responsibility for the affairs of the various firms in India however remained in the hands of James Macalister Hall for about eight years after Mackinnon's departure. He carried out much of the work involved in establishing the Calcutta and Burmah Steam Navigation Company in 1856, while Mackinnon was on his honeymoon, and later negotiated contracts for the new firm. After a visit to England in 1863 he returned to Calcutta with the clear intention of handing over. In January 1864 he reported that Peter Mackinnon's health was fully recovered and that Peter was accepting greater responsibility very satisfactorily. There were first rate assistants in every department and he felt he could leave Peter in charge at the end of the year "... without a shade of fear or cloud ..."[1]. Considering that Hall became the second Chairman of the B.I., nearly thirty years later, from 1893-4, it is surprising that he was planning to retire from all but a very little business

1. MP. J.M. Hall to Mackinnon. From Calcutta, 7 January 1864.

as early as 1864. At that time his greatest ambition was to meet Mackinnon in Egypt in the spring of 1865, and travel with him to Jerusalem. He said:

> "... this constant grinding with a mind occupied ever with £ s d and its relatives is good neither for soul or body ..."[1].

In the event his ambition was not realised. It is not absolutely clear why, but there seem to have been two reasons. First, he fell off his horse and broke his collar bone in November 1864. This did not recover as quickly as he had hoped and may have delayed his departure. Second, his father died in the spring of 1865. This was probably the deciding factor because he was then very anxious to get back to see his mother and sisters.

For Mackinnon himself the years in India provided invaluable experience in handling employees. While there he selected half a dozen subordinates, including relatives, who were to prove responsible and loyal but he also had his difficulties, particularly with the young men engaged to work in the new plantations. In 1865, Haworth, who managed the tea plantations, dismissed two European assistants "... for drunkenness and every other vice ..."[2]. Three

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1. MP. J.M. Hall to Mackinnon. From Calcutta, July 1864.
2. MP. Haworth to Mackinnon. From Calcutta, Sept. 1865.

years later he reported that a sub-manager had got into trouble for maltreating his coolies. When one of the coolies died the sub-manager was tried for manslaughter and sentenced to two years in prison, where he died of cholera[1]. In another letter Haworth told of three plantation workers being killed by tigers.

Some of the difficulties arose because Mackinnon was engaging in business enterprises of which there was little experience. Plantations, for example, were a European innovation and (with the exception of European owned indigo plantations started in the eighteenth century) they were not introduced to India till the nineteenth century[2]. This was because the East India Company, to safeguard its own interests, had placed restrictions on Europeans permanently acquiring land. Also there were few fertile but sparsely populated areas and communications were poor.

As some of these obstacles were removed, European sponsored industries, notably tea, coffee and jute, developed rapidly particularly in the decade after 1860. Coffee had been introduced in the seventeenth century but there was little production and the first European coffee was not planted till 1840.

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1. MP. Haworth to Mackinnon. From Calcutta, 2 October 1868.

2. Gadgill, op.cit., p. 48.

Mackinnon was not a pioneer in plantation production but he was certainly in the field very early. In 1856, the year he established his first shipping line he was writing about his coffee plantation and in 1862, he obtained a footing in tea production by forming the Ramgah Company.[1] This was a Calcutta tea company for which the firm of Mackinnon & Mackenzie were agents with Mackinnon himself as the largest shareholder. He made similar arrangements over the Howdie Hill Tea Garden, while additional companies were under his relatives and business associates such as Peter and Duncan Mackinnon, J.M. Hall and Duncan Macneil. Between them they controlled five tea companies by the 1870's. Mackinnon was not content merely to be the largest shareholder, he took a genuine and personal interest in the way the companies were run. Haworth who managed the tea estates wrote to him in great detail about acreages, rainfall, irrigation methods, the cost of labour, the time to plant seedlings, nurseries, the height of the bushes and everything else concerning the progress of the plantations.[2]

In the early years before the bushes had grown and before the management had gained experience the plantations ran at a loss. Even when they were well established serious setbacks were sometimes caused by uncontrollable

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1. M.P. Haworth to Mackinnon, 1 April 1862.
2. M.P. Haworth to Mackinnon, 20 Feb. 1864 and 22 Dec. 1864.

factors such as the climate, but by the late 1860's they were becoming an asset. In July 1868, Hall estimated that the profit from the How Gong Tea Garden alone would be 24,000 Rupees.

Haworth who was an enterprising and enthusiastic manager aroused Mackinnon's interest by inventing a "... system of steam tea making machinery".[1] This was in 1866. Three years later he reported he was obtaining an estimate for the manufacture of it from the Eglington Engine Works. Whether this was the precursor of the kind of machine used in tea rooms now or not is unfortunately uncertain because the remaining correspondence about it ends abruptly. Mackinnon's interest in it showed evidence of his keen eye for an innovation which might prove profitable as well as his curiosity about technical advances.

In addition to tea, Mackinnon and his associates also acquired interests in cotton and jute production. India imported most of her textiles from Britain during the nineteenth century but a few mills were being built during the second half of the century. Again identifying the growing points of the economy at an early stage Mackinnon obtained an estimate in January 1864, from Hall and Haworth, of the cost of establishing a spinning mill. They said a capital outlay of about £100,000 would be required to buy

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1. M.P. Haworth to Mackinnon, 9 July 1866.

all the land and machinery necessary[1]. Various people were becoming interested in forming cotton spinning mills in India at this time because it had been shown that steam driven machinery could be used to produce good twist and cloth from short staple cotton alone[2]. It is not clear how much capital Mackinnon finally put into this venture, but in August 1864, Hall reported that their firm at Cossipore had started oil crushing in a small way, while the very promising weaving and spinning side of the business would begin in two months with 88 looms at work.

Twenty years later he established the Garden Reach Cotton Mill, with his own Glasgow based firm of W. Mackinnon & Co. on control. Earlier he had acquired the Bombay Saw Mill, which made a particularly handsome profit in 1880 because of the employment created by the Afghan campaign[3]. Altogether, excluding shipping lines, Mackinnon and his relatives and friends owned about ten companies (connected with growth industries such as textiles and tea production) in India, by the 1880's.

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1. MP. J.M. Hall to Mackinnon. From Calcutta, 17 July 1864.

2. MP. J.M. Hall to Mackinnon. From Calcutta, 21 January 1864.

3. MP. Peter Hall to Mackinnon. From Calcutta, 29 December 1880.

After he returned to Britain in 1856, he ran his businesses from Glasgow, London and, later, Balinakill. In 1856 he married Janet Jameson, the daughter of a prominent Glasgow solicitor, but he continued to visit India periodically. These trips would have been more frequent had it not been for his marriage, his health and the need to care for his mother.

While he was on his honeymoon in Naples, in 1856, he wrote to his nephew Peter to explain some of these difficulties. He first thanked Peter for remitting £900, and said:

> "... this will do me at present as I only want money enough to pay for the house in Buckingham Terrace which I bought - price £1,400..."

He then reported on his health but still with an eye on money.

> "... and I have insured my life in £1,500, but I was obliged to pay a considerable extra prem. as the doctors reported my left lung slightly affected altho' without any active disease. The extra is so considerable however that when I can spare the money I will cease to pay the premium and invest the £1,500 ... I dont know what to say about going out - I should like it very well next cold season if I am spared altho' I hardly like to part with my mother. It is my intention now to have her live a considerable part of the time with us ..."[1]

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1. MP. Letter to Peter Mackinnon, 7 April 1856.

He did not say what his wife felt about the prospect of going out to India, she may not have known herself at that time, but to judge from correspondence over his visit in 1863, it seems she was not very enthusiastic[1]. In any case he was clearly very concerned by the doctor's report because although he lived to seventy he was ever after chronically worried about his health.

From a business point of view it was probably best that he should begin to spend most of his time in Britain because his enterprises were spreading in kind and location. They included shipping, factories, plantations and agencies, and ranged from India to New Zealand, Australia, North America and Britain. The staff was growing and the interlocking directorships and interests of the various firms were becoming very complex. With poor world wide communications it was easier to orchestrate such multifarious affairs from Glasgow or London than from Calcutta or Bombay.

Although the basis of Mackinnon's wealth was laid in India remarkably little is known concerning his life there. He worked in Calcutta for about ten years but he has been remembered best for his involvement in the affairs of East Africa where he never lived at all. The Imperial British

1. MP. Haworth from Calcutta to Mackinnon in Bombay, 12th May 1863.

East Africa Company numbered among its directors three generals, Sir John Kirk, Lord Brassey, formerly Civil Lord of the Admiralty, and other distinguished men of the time such as the philanthropists Thomas Fowell Buxton and William Burdett-Coutts, whereas his companies in the East were run by his friends and relatives, who were virtually unknown to the public. These firms made his fortune, while the I.B.E.A. Company was a financial failure. The affairs of the I.B.E.A. Company were discussed by members of the British Government from the Prime Minister downwards, but there are practically no records left about the firm of Mackinnon & Mackenzie from which Mackinnon began his spectacular rise in business. Africa brought him into close association with men as eminent as King Leopold and nearly broke his heart, but he retained a personal interest, as well as commercial links in India throughout his life.

He always seemed confident of business prospects in India. Not long after his marriage he was arranging to buy land there. He thought it would be such a good investment that he proposed to give it in trust to his wife[1]. In later years, when he had setbacks elsewhere, he regretted having branched out from Calcutta. Although he became

1. MP. Letter from Mackinnon in Glasgow to John Mackenzie in Calcutta, 12 July 1858.

more emotionally committed to his ventures in Africa he seemed to feel a sense of obligation to India. When there was a serious famine in 1873 he sent the following telegram from his home at Balinakill to the Financial Secretary in Calcutta:

> "Being anxious to facilitate Government arrangements for purchasing food against expected famine have instructed Mackinnon Mackenzie place all spare tonnage by regular steamers from all ports at Government disposal reducing freights to Rupees ten (per ton) from Burmah ports and Madras and Rupees seven for distances under four hundred miles. Additional steamers sufficient convey fifteen thousand tons monthly might be arranged under Chartering Clause new contract deducting thirty percent from fixed rate. Kindly suggest anything further we can do"[1].

The Government of India welcomed Mackinnon's offer and to judge from the following comments which appeared in a confidential memorandum written many years later it also very much appreciated his help:

> "... In the year 1874, when the Bengal famine was at its height, Mackinnon persuaded his colleagues to abandon the prospect of profit, and he placed his steamers at the disposal of Government at a very low rate of freight. Enormous quantities of freight were thus carried at a time when scarcely any other steamers were available, and when Government would have been obliged to pay whatever rates might have been asked. There being no return trade, a loss was occasioned by this operation, but it enabled Government to meet the demand, and a special vote of thanks was accorded for this valuable service ..."[2]

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1. MP. Mackinnon to Chapman, Financial Secretary, Calcutta, 6th December 1873.

2. British Museum. Brief Confidential Memorandum (India Misc. public documents). Apparently written in 1881.

II. THE "B.I."

Mackinnon established firms in India when improvements to communications were increasing the flow of commerce, and he achieved success. Similarly, he entered the shipping business during a period of rapid technological progress and expanding trade, and for the most part was able to keep on the crest of the wave of change which carried him to prosperity.

The pressure for technological improvements was stimulated by the maritime rivalry between Britain and the United States and by the repeal of Britain's Navigation Laws in 1849. These Laws had tried to protect British shipping by confining trade with Britain to British vessels, but they proved increasingly difficult to enforce, and their final abolition in 1849 made for keener competition. At the same time there was a demand for more tonnage to carry the bulky raw materials for the Industrial Revolution, and to carry emigrants from Europe. Britain herself was becoming a permanent importer of food on a large scale, which created a big demand for shipping space, and between 1825 and 1834 an average of 32,000 people a year emigrated from Europe to America[1]. These developments led to an

1. C.E. Fayle: A short History of the World's Shipping Industry, London, 1933, p. 227.

increase of over 50% in the tonnage of British Empire shipping in the ten years after 1835 and accelerated the pace of technological innovation.

The first experiments with steamships were made in France in 1775. The next important developments occurred in America, then in Britain. 151 steamships were built in Britain in the decade after 1812 and by 1822 there were about 300 in the United States[1]. All these were used on rivers, lakes and coastal services, because they were not economic on long runs. Even the "Savannah", which was the first steamship to cross the Atlantic, went most of the way under sail. A crossing entirely under steam was not made till 1838, almost twenty years later, and about another score of years were to pass before steam began to compete with sail on long voyages.

The difficulty was that the early engines consumed vast quantities of fuel. This meant that a great deal of the space within ships was devoted to carrying coal instead of cargo: they could only use routes with good bunkering facilities, and they were expensive to run. These handicaps were not overcome till the invention of the compound engine and the adoption of the surface condenser principle. The

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1. C.E. Fayle, op.cit., p. 229.

compound engine employed steam under very much higher pressure and therefore used fuel much more efficiently, while the surface condenser produced fresh water which could be used over and over again. Previously, when sea water had been supplied to the boilers, there had been a great loss of fuel, because the water was being constantly replaced to avoid incrustation[1].

The other change which helped to make steamships competitive on long runs was the use of iron in their construction. This technique was developed rapidly in Britain, largely because wood was scarce. The United States had virtually unlimited quantities of wood, but in Britain suitable timber was rapidly becoming exhausted, so builders adopted iron, which was being produced in increasing quantities from Britain's factories. This had a revolutionary effect for two reasons. First, although iron is denser than wood, it is so much stronger that less material is needed. It was found that an iron ship weighed about 25% less than a wooden one of the same size. This was particularly important for steamships, because size for size they were able to carry more fuel than before without loss of buoyancy. They also required more space than sailing ships to accommodate engines and

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1. W.S. Lindsay: History of Merchant Shipping, London, 1874, Vol. iv, p. 576

boilers. Second, much larger ships could be built. It was not practicable to build wooden ships of more than about 300 feet in length, but with the use of iron there was virtually no structural limitation. Their size was determined more by the capacity of harbours and canals and the needs of particular types of cargo. Altogether the salient changes were from sail to steam, wood to iron, paddle to screw propulsion and from simple to compound engines. The cumulative effects of these developments transformed the nature of the world's sea trade during Mackinnon's lifetime. This is well illustrated by the following table about four Cunard line ships:

1840. Britannia. Wood built. Paddle. Simple Side Lever Engines.

1855. Persia. Iron. Paddle. Simple Side Lever Engines.

1865. Java. Iron. Screw. Simple Inverted Engines.

1874. Bothnia. Iron. Screw. Compound Engines.

Name	Tons Gross	I.H.P.	Average Speed Knots	Coal per day tons	Bunker Capacity Tons	Cargo Capacity Tons	Cabin Passengers
Britannia	1,139	740	8.3	38	640	225	90
Persia	3,300	3,600	12.9	150	1,640	1,100	180
Java	2,697	2,440	12.8	85	1,100	1,100	160
Bothnia	4,556	2,780	13.0	63	940	3,000	340 [1] [2]

1. The Bothnia could carry also 800 third class passengers.

2. C.E. Fayle, *op. cit.* p.241.

A surprising fact is that Mackinnon's first ship, the "Cape of Good Hope", was a screw steamer. It is surprising because such ships were not competitive as early as the mid 1850's. He was able to run it profitably however because he enjoyed a subsidy. Steamships could not compete with sail on long runs at that time unless they were subsidised, but many, like Mackinnon's, were to provide regular, reliable mail services.

Here it is worth mentioning another innovation which contributed to the eventual triumph of steam -- the introduction of scheduled services. They were started by the Black Ball Line of the United States in 1816. Previously it was accepted that ships did not sail till there was a favourable wind, but this line showed that by using steam-tugs the vagaries of the weather could mostly be disregarded. Its ships departed on the first day of each month, whether they had a full cargo or not. From the point of view of passengers and traders, this idea brought a welcome degree of predictability and showed that steam could be more reliable than sail, even though it was not then as fast.

Steam really became competitive on most of the world's shipping lines at about the time of the opening of the Suez Canal in 1869. By coincidence the compound

engine was becoming a practicable proposition then, but the Canal gave an advantage to steamers, because it shortened the way to the East and opened a route well provided with bunker stations. Although this period is generally regarded as the turning point in the competition between sail and steam, the total tonnage under sail in the world did not begin to decline till about 1880, and it was not exceeded by that of steamships for another decade. The run to Australia, lacking good bunker facilities, remained dominated by sail till well into the 1880's.

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The first meeting to discuss the possibility of forming a steamship company to trade with India was held in London in 1822, and Lieutenant (later Captain) Johston was sent out to study the situation in India. Following negotiations there, the Indian government offered a prize of twenty thousand rupees to anyone establishing permanent steam communication between Britain and India before the end of 1826, either by the Cape of Good Hope or the Red Sea. There were to be two voyages out and two home, each one taking not more than seventy days[1]. On this news, sufficient money was raised in Britain and India for the

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1. W.S. Lindsay, *op. cit.* P. 339.

promoters to have the "Enterprise" built, and she left England on the 16th August 1825. Her voyage via the Cape took 113 days, so it was expensive and slow and did not win the prize. From a commercial point of view it was a failure, and at the time it was also regarded as a poor advertisement for steamships, because the "Enterprise" spent ten of the days at ports replenishing her coal stocks, in spite of using sails for about 40% of the way[1]. In terms of steam navigation, however, the voyage was a remarkable demonstration of the potential capacity of such ships over long distances. It was made only six years after the first transatlantic crossing by a steamship and four years before the first crossing by a British built steam vessel. The "Enterprise" herself was certainly not a complete failure, because she was bought by the East India Co. and used for carrying despatches between Calcutta and Rangoon during the first Burmese war. Moreover her performance induced the Company, over the next few years, to buy a number of small steamships for use on the major rivers of India and Burmah. In this capacity the ships were most useful and enabled the Company to keep its army in Assam better supplied. However they only proved what had already been demonstrated in North America, namely,

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1. H.L. Hoskins, British Routes to India, London, 1928, p. 96.

that steamers were practicable on inland waterways. The problems of speeding communication between Britain and India remained.

The route to the East via the Cape had been taken for granted for nearly 200 years but the Napoleonic wars and the need for more rapid communications of all kinds stimulated a search for alternatives. For about a decade after the voyage of the "Enterprise", various schemes were proposed and tried using overland routes. The two most popular were by the Red Sea and across Egypt, or via the Persian Gulf and Euphrates and across to the Mediterranean. These traditional routes had been used since ancient times, but they did not have the capacity to cope with the volume of trade of the nineteenth century, and the East India Company was not prepared to spend the capital necessary to develop them. In this situation there was a feeling of considerable frustration within the mercantile community.

Exports to India had increased after the East India Company's trade monopoly was ended, but expectations were not fulfilled. Poor communications were a major obstacle, so pressure was brought by businessmen in Britian and India to obtain government support for the introduction of steamships on the route to India and for the building of railways within India. Captain Grindlay, founder of the

banking firm of Grindlay & Co., argued in a manifesto of 1837 that trade with the vast and populous country of India had not grown as it should, because of the East India Company's monopoly, and because of the great distances involved. Now that the monopoly had been ended he urged that the second obstacle of distance should be overcome by the use of steamships. India could then develop as a major exporter of raw materials for British industry and as an importer of British manufactures. A regular steamship service would also be useful politically. It would strengthen Britain's position in India against possible internal disorder and against possible external intervention, for example, by Russia. He thought also that the production of cotton and silk should be promoted, so that India would be an alternative source of supply.

With remarkable foresight, he warned that supplies of silk from Europe and cotton from America might be disrupted in the event of war. The most interesting feature of the manifesto, however, from the point of view of the future B.I., was the case it put in favour of government support for steamship lines. It deployed arguments about Britain's strategic, political and commercial interests which were echoed twenty years later by Mackinnon when he applied for subsidies and mail

contracts. The powerful lobby, of which Grindlay was a particularly articulate member, achieved success in 1840, when the British Government agreed to subsidise a regular service to be run by the P. & O. between England and Alexandria. Two years later the East India Company, cautious and slow as usual, awarded a contract for a P. & O. line between Calcutta and Suez. This was a logical development providing a good mail service, with only a relatively short distance for the movement of goods overland.

The annual subsidies were respectively £34,000 and £20,000[1]. From these two lines the P. & O. extended its activities to Singapore and China, and by the end of the 1840's it was the dominant shipping company in the Indian Ocean. In 1853 it started a subsidised service between Singapore and Sydney, but this was closed a year later because of difficulties created by the Crimean War, and when tenders were invited for a new monthly direct line between Australia and Suez, the P. & O. failed to win the contract. The contract was interesting, because it specified the use of screw steamers of not less than 2,200 tons and offered a very generous subsidy. The European and Australian Company which agreed to run the line was so inexperienced, however, that it failed

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1. D. Thorner, op.cit., pp. 35-36.

completely, and by 1859 the service was in the hands of the P. & O.

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Mackinnon entered this highly competitive field in 1856, when he applied for a subsidised mail service contract between Calcutta and Burmah. The East India Company had been running the service itself, starting with the famous "Enterprise", but it became persuaded that it would be more economic to allow another firm to do this with a subsidy.

Mackinnon returned to Britain, and in London and Glasgow raised £35,000 with which he established the Calcutta and Burmah Steam Navigation Company, registered in September 1856. He then submitted to the Court of Directors of the East India Company in London a scheme for running the steam service between Calcutta, Akyab, Rangoon and Moulmein, with the possibility of extending it to Penang and Singapore and of linking with Madras. He said he could start from about the 15th March 1857. The Court forwarded the application to the Government of India, with the comment that it attached great importance to the application of private enterprise in the establishment of regular communications by steamers of adequate size and power, and would consider any measures for this purpose

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1. Blake, op. cit. pp. 24-25.

which the Government might submit[1]. In fact the Government awarded the contract the following month to Livingston, Withers & Co., and Mackinnon's first attempt to win a subsidised service seemed to have failed. However, there was a surprising development. In March, 1857 this firm replied to the Government saying:

> "... Our friends at home instruct us to request you, should there be no objection existing on your part, to transfer our agreement to Messrs. Mackinnon, Mackenzie & Co., Agents of the Calcutta & Burmah Steam Navigation Co., alleging as their reason for this request, that in their opinion "Government will be well satisfied to find two steamers on the berth by the 1st April, quite equal to the service," whereas it would take them some time to get out good and efficient steamers..."[2]

From the tone of this letter Livingston, Withers & Co. were obviously sceptical about the reasons given by their "friends", but whether Mackinnon who was also in Britain influenced these "friends" or not is not clear. His letter of the 8th November, 1856 (quoted below) however, suggests that he knew a good deal about the other firms plans, but was nevertheless urging his cousin Peter Mackinnon to proceed with negotiations and arrangements for his own company. The Government of India agreed to the proposed transfer, and Mackinnon, Mackenzie & Co. accepted

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1. Letter of 5th November 1856 from the Court to the Govt. of India, I.O.L. Record Dpt: vol.101, 1856.

2. Letter of 18th March 1857. I.O.L. Public Consultations, January - November 1857, Range 88, vol. 44.

the contract on the terms which had been conveyed to Livingston, Withers & Co., with only minor modifications. This event was a major turning point in Mackinnon's life, starting his career in the shipping business.

The contract was with the East India Co., which still nominally governed Burmah. In itself it was not very valuable, but it guaranteed a certain income and gave considerable prestige to the company which won it. Moreover it began what was to be a mutually beneficial association with the Government of India. The Calcutta & Burmah Steam Navigation Co., and its successor the B.I., were regularly to carry troops for the government. The first occasion was during the Indian Mutiny, when Mackinnon's "Cape of Good Hope" carried most of the 37th Regiment of Foot from Ceylon to India.

The letter which Mackinnon wrote to his cousin Peter after he established the new company is worth quoting from, in view of the action subsequently taken by Livingston, Withers & Co. It is also illuminating about his capacity for keeping one eye on business and the other on religious observance. He said:

> "... If you get a government subsidy the shares will at once go to a premium and for this end I trust you have exerted yourself to the utmost ...

> I believe that Livingston & Co. have done nothing whatsoever yet so you must get all you can from government and bind the Company by as few restrictions as possible. See and secure land for coal depots at Akyab, Rangoon and Moulmein. This I believe was promised to Livingston & Co. and is of some importance. Get too if you can moorings opposite our own office it would be very convenient and this I believe there should be no difficulty in securing. I trust these matters will be carefully and judiciously managed by you.
>
> The Secretary will inform you that the steamers are not to leave any port on Sunday nor is there any cargo or coals to be loaded or discharged on that day. Keep this in view in your arrangements with the Government. The other directors and Secretary concur cordially in this matter with me, at which I am heartily glad for our own sakes were it no other or higher satisfaction. My opinion is the steamers should sail from Calcutta or Moulmein every alternate Tuesday and each terminous would be reached by Saturday night. If we have three steamers the line can be prolonged to Penang and Singapore ..."[1].

In fact Mackinnon's first two ships, the "Cape of Good Hope" and the "Baltic", were not very suitable for the mail run between Calcutta and Burmah, and in June 1857 he told James Macalister Hall to adapt the "Baltic" for the service. He explained, with his usual attention to detail, the changes which should be made to her cabins, poop and deck house, and estimated that the cost would be about £1,000. The "Cape of Good Hope" was apparently not modified, probably because she became virtually a troop-ship. In any case she made a good start and Mackinnon reported

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1. MP. Letter of 8th November 1856 from Mackinnon in Glasgow to Peter Mackinnon in Calcutta.

very proudly that she earned £3,000 on her first voyage[1]. He thought her working expenses on the voyage could not have exceeded £1,000, but he emphasised that, if they were to get a clear idea of profits, they would have to keep earnings distinct from coal payments. He hoped to be able to divide 10% on paid up capital by September, but in the meantime asked for detailed estimates of the running expenses of each ship on each trip. With simple as opposed to compound engines still in use coaling was a major item of expenditure. Mackinnon was very conscious of this, and in the same letter asked that account of the expenditure on coal on each voyage should be sent home, together with a note of the stock held at each port. To reduce overhead expenses, he also said that in future there was to be no coaling at Moulmein or Rangoon, only at Calcutta and Akyab.

With good management and good fortune to begin with, the "Baltic" proved almost as profitable as the "Cape of Good Hope". In June 1858, J.M. Hall reported that her last voyage had earned about £2,200 and that he had been able to remit £4,000 to each director.

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1. He actually wrote "30000" but one rupee was then worth about two shillings.

The good management was largely Mackinnon's, while the good fortune came in the form of trooping contracts. The government's marine service had proved inadequate for moving troops during the Mutiny, but Mackinnon was able to help in the emergency, and thereafter trooping contracts became a regular feature of his business. These were negotiated by Mackinnon, Mackenzie & Co. as his agents, and it is interesting to note some of their terms. They offered to carry troops, Commissariat, ordnance stores and all other kinds of freight between all the ports of the Presidencies of Bengal, Madras and Bombay, as well as the ports of Penang, Malacca and Singapore. "Native troops" were to be carried as deck passengers at the uniform rate of half an anna per passenger mile, there would be double awnings on each deck, and each soldier would be allowed a space of six feet by one foot three inches. Food, water and fuel would be provided at the standard Commissariat scale of six annas per head per day, and each soldier would be allowed 56 pounds weight of baggage free, in addition to "arms and accoutrements". European troops were offered a little more space and better supplies at slightly more than double the cost: one rupee and four annas per day[1]. The profitability

1. MP. Mackinnon/Mackenzie & Co. to the Secretary of the Government of India, 18th June 1863.

of trooping contracts obviously varied a good deal, but Hall's estimate that they would get a return of 8% on the Abyssinian campaign indicates their value.

While the Mutiny brought Mackinnon unexpected and profitable business, it would be a mistake to believe that he owed his business success to good luck. Indeed, it could be argued that on balance fortune seemed to be against him at the outset of his career in shipping. During the period 1856-70 thirty nine ships were built or otherwise acquired for his companies and of these seven were somehow lost[1]. Considering that the B.I. and P. & O. eventually merged, it is ironical that Mackinnon's first ship, the "Cape of Good Hope", sank following a collision with the P. & O's "Nemesis" in 1859. The following year his "Calcutta" was wrecked off the coast of Ireland shortly after it was launched. The "Baltic" was later wrecked, the "Cheduba" was lost in a cyclone in the Bay of Bengal, and so on. One ship was even looted by pirates, but the story ended happily after years of haggling, when the Turkish government compensated the company.

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1. G. Blake: op.cit., p. 253.

The loss of the "Cape of Good Hope" and "Calcutta" were major set-backs for a newly established company, but considering the whole period of Mackinnon's business life his ships were not peculiarly accident prone. Tragedies at sea were more common in the nineteenth century than they are now, because of the unsophisticated design of ships in the early days of steam navigation, the lack of aids such as weather forecasts and radar, and the absence of maps and coastal lighting.

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The loss of ships during the 1850's and '60's caused setbacks to Mackinnon's business in and around India, but his venture into the Australian trade began even less auspiciously. He and his partner Robert Mackenzie were induced to try and start training there by the Australian boom of 1852-53, but their enterprise was frustrated by Mackenzie's death in 1853. Three years later Neil Macmichael went out to manage Mackinnon's interests in Australia, and in 1862 almost suffered the same fate as Mackenzie.

He was in the "White Swan" with about 45 others on his way from Auckland to Wellington when the ship struck a submerged reef. All but one of the passengers were government representatives, who were going to attend the opening session of the General Council in Wellington. Macmichael was asleep at the time, and did not even notice the impact. He was awakened by the voices of other passengers remarking that they felt peculiar tremors in their berths. The alarm was sounded, and people rushed up on deck in various states of undress. The ship gradually sank up to its bullwarks, and when the dawn broke they found they were grounded on a steep beach with a heavy surf running. The captain and mate were apparently useless, and everything depended upon the passengers. Eventually a boat was lowered and used to explore the coast for a safe landing place. When a suitable beach was found, the boat returned and removed all the passengers, beginning with the six women. For a time the ship's engines continued to run and her head kept towards the shore, but as soon as the water entered the engine room she was washed broadside onto the shore, where the surf smashed her to pieces. Macmichael at great risk put off in a boat to look in vain for his portmanteau, and the Postmaster-General of New Zealand with equal lack of

success looked for valuable government papers which were lost. Most of the men occupied an iron shed which they found about a mile away, and some camped outside while the women were taken to a squatter's house about four miles beyond. From there, two passengers who knew the area borrowed horses and rode 120 miles into Wellington, and got a relief steamer to pick up the other passengers within a few days[1].

Quite apart from personal misfortunes such as these, business in Australia was generally bad, and Macmichael only seems to have been cheerful when he visited Britain in 1859, and when he received letters from Mackinnon which were usually encouraging to subordinates, and often ended on a note of moral uplift such as this which he wrote to his cousin in 1856:

> "... Remember me also to all friends who ask for me, and my dear Peter ever desiring for you above all things else that you may grow in grace and have every need for blessing."

Macmichael's reply to one of these letters is worth quoting in part because it sheds a little light on each of their characters. Writing from Sydney in 1860 he said

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1. MP. N. Macmichael to Mackinnon from Melbourne, 25th July 1862.

> "... I cannot thank you sufficiently for all your kind remarks - the spirit of them is so like yourself and so deeply affects me that I cannot well tell you how full my heart is -. A kind word in a distant land is so refreshing - I have never before felt myself so far from home and have as strong a turn of homesickness as I ever felt -.
>
> I have not I must confess been in the best of spirits since coming here for I find business so bad and credit shaken to its roots, that I am almost inclined to lose heart ..."[1]

A month later he said the firm had lost £2,000 in bad debts since he went to Australia, and in 1861 he reported liabilities exceeding assets by about £11,000. The surprising thing is that Mackinnon should have persisted in maintaining interests in Australia, when he clearly thought poorly of the prospects himself. When asked for advice on how a friend's son should enter business in 1858, he wrote optimistically about the future in India, but said his own experience in Australia had been not only unprofitable but expensive.

Possibly Mackinnon, or someone of James Lyle Mackay's calibre, could have made a success of the agency even in the 1850's, but the representatives after the death of Robert Mackenzie could not. In 1858 Mackinnon wrote in great detail to W. Hammill in Melbourne asking him to negotiate a subsidised mail service between Sydney and Singapore, but

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1. MP. N. Macmichael to Mackinnon, 14 March 1860.

nothing came of it. In addition Hammill mishandled his efforts to secure contracts in the railway building business in Australia. Mackinnon's main contact, Neil Macmichael, was a difficult personality who looked after other interests besides those of the B.I. In 1860 Jack Mactaggart left business in Australia worth over £20,000 in his hands, and he seems to have known something about ranching, because he visited land which Mackinnon owned in Australia, and said it could only fetch an economic rent if it were fenced. He also advised about Mackinnon's property in New Zealand, which he visited while leaving his office in the hands of his nephew, a clerk and another young man. The fourteen years or so he spent in Australia were not a commercial success, and he seems to have quarrelled with many of his business associates, but it was perhaps the sensitive and more attractive side of his character which proved a handicap in business.

In 1862 he declined Mackinnon's offer of a job in India because he feared someone might be displaced to make way for him, and also because he felt reluctant to accept another position from Mackinnon after losing money for him in Australia. In fact he did return to the B.I. office in Calcutta some years later, but this reaction in 1862 was surprisingly unbusinesslike, and in the following year

he turned down another opportunity for a good steady income. He was offered £300 a year to run a sheep and cattle station, but declined, mainly because the squatters used to meet to hunt down Aborigines if any of their stock was stolen. Macmichael said he could not bear the idea of shooting a man for merely killing a sheep[1].

Although Mackinnon might have got some enterprises to prosper in Australia under dynamic management, in the 1850's and '60's, he was in fact faced with two major economic problems which no personality could entirely overcome. First, it was difficult to find enough cargo for the return trip. Distances between the chief Australian ports: Freemantle, Brisbane, Sydney and Melbourne were enormous and the staple exports were not being produced in a way to provide regular full cargoes. Second, steamships were not really efficient over such long distances during that period. As already mentioned it was the compound engine which made them competitive on long voyages with few bunkering facilities. It is no coincidence, therefore, that Mackinnon only began to operate a profitable shipping line to Australia in the 1880's.

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1. MP. N. Macmichael to Mackinnon, 20th November 1863.

In 1880 Sir Thomas McIlwraith, the Prime Minister of Queensland, consulted him about the possibility of running a regular service to Brisbane. Ships bringing immigrants to Australia normally approached Brisbane from the South, putting in at Adelaide, Melbourne and Sydney, where the passengers tended to disembark. McIlwraith's idea was to attract them to Queensland by providing a service which called first at Brisbane and the B.I. was an obvious company to approach, because it already had ships on regular routes to South East Asia.

A contract for £55,000 a year was signed for what was the longest mail service in the world[1], and in April 1881 the first ship of the new service arrived in Brisbane, carrying freezing equipment and immigrants. The voyage from London took two months, and the problems of finding return cargoes remained acute. However, more immigrants were attracted to Queensland, and the trade with Australia was growing, and in 1887 various small shipping firms which had been competing, joined together to form the Australasian United Steam Navigation Company which included vessels from the B.I. Further rationalisation of the coastal shipping business round Australia was achieved years later by James Lyle Mackay, but the outstanding

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1. G. Blake: op.cit., p. 112 and p. 114.

feature of Mackinnon's enterprise in Australia is that it took almost thirty years to establish a profitable trade, and it was always a minor sphere of interest for him. Having mentioned the problems of his Australian ventures one must ask why his business in India by contrast prospered from the outset.

* * * *

Trade in India and the Indian Ocean was by no means easy, and a number of small steamship companies went bankrupt in the early 1850's. The most noteworthy from Mackinnon's point of view was the General Screw Steamship Company, from which he bought the "Cape of Good Hope". Although founded with substantial capital, this company was forced into liquidation, so why did Mackinnon succeed where others failed? There are short and long term reasons.

Immediately, he was fortunate to establish his shipping company at the time of the Indian Mutiny, which quite unexpectedly provided him with profitable troop carrying contracts. During the six years following the Mutiny the number of British troops in the Indian army was raised from 45,000 to 65,000, while the Indian element was reduced from 238,000 to 140,000[1]. This change created

1. T. Metcalf, The Aftermath of Revolt: India 1857-70, Princeton, 1965, p. 297.

a demand for more troop carriers, from which Mackinnon benefited. The Mutiny also promoted his prospects by making the Government of India conscious of the need for better communications and mail services. It was thus more ready to offer subsidies on the security and steady income of which his firm depended for profits during its early years.

In the long run he was helped by the technological advances in navigation, which have already been described, by the general growth in trade and the opening of the Suez Canal. He was helped, that is, to the extent that he was able to take advantage of these developments, whereas his competitors who went into liquidation were not. His personal ability was thus a major factor in his success.

He appreciated the potential of steam navigation, for example, before most of his rivals, and was well in advance in ordering large screw steamers built in Scotland or Liverpool. These ships were particularly useful on routes where there were bulky cargoes, and from the middle of the century they began to displace the smaller ones, mostly built in North America. He was also more astute than most in foreseeing the possibilities of the Suez Canal. It was not entirely a coincidence that his "India" (on its way to have new boilers fitted in Britain) was the

first ship to pass through the canal carrying an Indian cargo.

In addition to his shrewdness in anticipating developments, his other outstanding quality as a businessman lay in his capacity to pay attention to details about people, ships, cargoes, prices, contracts and the many other aspects of his various enterprises. Not long after his shipping company was established he said to J.M. Hall:

> "... You seem to be having trouble with Scanlan - Don't stand any nonsense from him. He is a good captain but we must not allow him to be anything but captain of his ship. 350/- a month was the wages promised the first year and no commission. If he gets that and makes as much more out of the funding of the ship he is uncommonly well off and if that dont satisfy him you must just look out for someone else ..."

He was rather authoritarian in his attitude to subordinates but he expected them to be frank with him, and this contributed to improving the efficiency of his business. On one occasion his nephew Peter complained very plainly from Calcutta about a new B.I. ship which had been sent out to him. He said she was a "slop built" vessel altogether. The water closets for men did not work, while the water pipe connecting with the women's one caused a flood in the cabin whenever water was put in the cistern. He concluded his complaints saying:

"... I wish things were better attended to on your side for they give much annoyance to passengers ..."[1]

These were strong words to address to the Chairman of the company, but Mackinnon's reaction to fair criticism was not to discourage it but to rectify the defects. This policy was effective. It earned him the loyalty of his employees, it raised the standard of his service and his business prospered. The sense of loyalty was probably increased by his efforts to help fellow countrymen. Campbeltown whisky was bought for his shipping lines, local people were encouraged to buy shares in his companies and he offered employment to as many as he could. The two succeeding Chairmen of the B.I., J.M. Hall and Duncan Mackinnon, were from Campbeltown and others from Kintyre rose to prominence in his firms.

The first phase in the development of his shipping enterprise covered the period of the existence of the Calcutta and Burmah Steam Navigation Company. Founded with two ships and £35,000 capital in 1856, its name was changed to the British India Steam Navigation Company with 17 ships and £400,000 in 1862. This phase was also the period of his first five year contract which began in 1857. When it expired in 1862, he returned to India to negotiate fresh contracts, and had his fateful meeting with Sir Bartle Frere, who became a close and useful friend for the rest of his life. Frere was

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1. MP. Peter Mackinnon to Mackinnon, 6 June 1863.

in Calcutta as a member of the Governor-General's Council. He tried to overcome the social barriers among Europeans, and one means he adopted was to hold semi-public breakfasts once a week, when he was available to the various classes of this community. It was at one of these that Mackinnon was introduced, and proposed to run a line of coasting steamers calling at all ports between Calcutta and Karachi. Frere, who believed it was more economical for government to have its troops and mails carried by companies than to run its own services, said: "... You are the man I have been looking for for years ..." and took him to the Governor-General, Lord Canning, who was favourably impressed[1].

In this year Mackinnon secured contracts for the following five services:

1. Calcutta to Akyab, Rangoon and Moulmein, twice a month.
2. Calcutta to Chittagong and Akyab, twice a month.
3. Akyab to Rangoon direct, thence to Moulmein, Straits of Malacca and Singapore, once a month.
4. Bombay to Karachi, twice a month.
5. Bombay to Basra, touching at five ports in the Persian Gulf during eight voyages a year[2].

The proposal for a service calling at ports between Calcutta and Bombay required the approval of the Bombay government, and this was not obtained till Sir Bartle Frere

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1. J. Martineau, The Life of Sir Bartle Frere, London, 1908, p. 296.

2. M.P. Mentioned in a memorandum written by Mackinnon on 15 January 1868, and sent to the Government of India.

became Governor there in 1863. The five year contract then obtained was of great importance for the B.I.'s position in the Indian coasting trade, because it provided for a monthly service calling at fifteen intermediate ports.

Mackinnon fully acknowledged his debt to Frere when he said:

> "... This great company took its first impulse from the encouragement given by Frere to a young and unknown man at his breakfast table in Chowringhee Road ..."[1]

In 1868 Hall, looking for a way of repaying Frere, suggested he would be a first class man to have on the board of the B.I., but on reflection realised that Frere as a member of the Indian Council would not accept such a position. Frere not only supported Mackinnon's applications to run subsidised services round India, but also, as Governor of Bombay, encouraged his enterprise in the Persian Gulf. The British and Indian governments attached great strategic importance to the area between the Euphrates/Tigris delta and the Mediterranean, being particularly anxious to exclude Russian power. Sir Bartle Frere probably thought a regular B.I. service would help to assert British influence in the area, but he was also pursuing a long standing policy of the Bombay government, which sought a viable route which would avoid the Cape. Lines via South Africa lead more naturally

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1. Martineau: op.cit., p. 298.

to Calcutta, whereas a route through the Mediterranean would enhance the relative importance of Bombay. As early as the 1820's, Mountstuart Elphinstone, while Governor of Bombay, put forward various proposals involving the transport of goods overland for short distances. One suggestion was that steamers should make contact across the Isthmus of Suez, but it was not considered practicable, and steamship enthusiasts were discouraged while these proposals were being discussed by the commercial failure of the voyage of the "Enterprise".

The contracts which Mackinnon won in 1862 and 1863 provided the basis for the B.I.'s growth over the next decade. The opening of the Suez canal in 1869 created special problems which will be mentioned later, but up to 1868 the company grew very rapidly, as Mackinnon pointed out himself when he applied for renewal of the contracts in that year. He said, in 1857 his company only ran 50,000 miles a year, and owned three vessels averaging 600 tons and 100 horsepower, while ten years later it ran 400,000 miles annually and owned 25 ships averaging 1,000 tons and 200 horsepower. He claimed that their size and horsepower was 30% in excess of contract requirements and that the B.I.'s trade was 200,000 tons annually. The average subsidy was just over three shillings and sixpence

per mile, and three shillings on the Bombay-Calcutta line[1].

While the contracts of 1862 and '63 established the framework of the B.I.'s lines, Mackinnon continually added to this framework by applying for extensions or for more frequent services on existing lines where the volume of trade justified it. This created such a complex variety of contracts that the Director-General of India's Post Office was consulted about the advisability of making all the B.I.'s contracts terminable on the same date. He appreciated the administrative advantages, but feared that individual proposals would not receive the attention they each merited if they were dealt with en bloc. He therefore proposed grouping the contracts into those between:

> Calcutta and the ports of British Burmah and the straits;
>
> Madras and Rangoon; Calcutta and Bombay; Bombay and Karachi, and Bombay and the Persian Gulf.

Where services were not connected, he thought it desirable to deal with each one separately[2].

Mackinnon succeeded in obtaining subsidies, because he offered competitive terms and an efficient service, but he also became adept at deploying the kind of arguments which were attractive to the government[3]. When he applied

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1. M.P. Same/by Mackinnon memorandum of 15th January 1868.
2. I.O.L. Collections to Despatches, 1868, Vol. 48.
3. A typical contract appears as Appendix I.

in 1868 for renewal of the Bombay-Calcutta contract, for example, he said the greatest value of the line lay in the facilities it afforded for the transport of troops, stores and specie between the Presidency cities. The possession of a large number of steamers had enabled the company to provide eight ships for the Abyssinian expedition, as well as an extra one for reliefs between Madras, Rangoon and the Straits of Malacca. In addition, the existence of a regular and reliable service had stimulated trade at many of the ports and raised the revenue accruing to government. It completed the system of steam communication round India, and would be of greater value to the Post Office, so he claimed, if more frequent services were introduced.

Inevitably some of Mackinnon's efforts to win contracts for subsidised services failed, but it is instructive to refer to them. In addition to his abortive attempt to establish a subsidised line between Sydney and Singapore, he also failed in 1858 to secure a contract for a service between Madras and Burmah. His letter from Europe to J.M. Hall in Calcutta, however, shows how he set about this sort of task. He said the P. & O. was getting 6/8d. on the whole of their contract and the Australiasian Co. 13/4d. so Hall should be able to get at least 10/-. He continued rather optimistically to

work out that if they could get 13/4d. per mile, a return voyage between Madras and Rangoon would bring £1,200 in subsidy, the distance between the two ports being about 900 miles. He instructed Hall to make the arrangements in their own names if he got a promise of a good subsidy, as there would be no difficulty about establishing an independent company. He thought it would be easy to bring out a scheme such as he proposed on the Stock Exchange, then reflected that this perhaps would not be the best method as they might be worried by disagreeable shareholders.

Although he failed to get the subsidised service the implications of his remark are clear from a letter he wrote two months later to his friend John Pender. He asked Pender if he would like shares in a company he was hoping to establish. He said:

> "... Until the line has been tested only a very small outlay will be required and it is therefore my intention for the present only to issue 1,000 shares among ... seven or eight friends ... I feel pretty confident under ordinary circumstances of the success of the scheme, but as you will observe my intention is to enter upon it very cautiously and to feel our way as we did with the Burmah Co. ..."[1]

In 1864, Hall's attempt to obtain a subsidy for a monthly service to Singapore met with a cool reception. Writing from Calcutta, he told Mackinnon that the Governor-

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1. MP. Mackinnon to John Pender from Glasgow, 25th August 1858.

General[1] took a very different view from that taken by Sir Bartle Frere about the claims of the B.I. on government. He thought government should withdraw from subsidising steamship companies, as they were doing in the case of railways. Hall ascertained these views in the first instance from one of the Governor-General's staff, but they were confirmed some weeks later when a brief formal letter came in reply to the application, saying that in the opinion of the Governor-General in Council the advantages of the proposed service, from a postal and commercial point of view, would not justify the outlay of sixty thousand rupees a year.

In spite of set-backs such as these, however, a number of extensions were secured in the period 1862-68, and two are worth mentioning. --- The increase in the frequency of the Persian Gulf service, because the B.I. largely pioneered the area for British shipping, and the creation of the Netherlands India Steam Navigation Co., because this took Mackinnon's trading interests well into South East Asia.

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In May 1865, W. Nicol & Co., as agents for the B.I. in Bombay, applied to the government of Bombay for the subsidised mail service between Bombay and the Persian Gulf, to be run twenty four instead of eight times a year. Mackinnon had

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1. After the Mutiny the Government of India was headed by the Viceroy but he was often still called Governor-General.

been fortunate in applying to run a line to the Persian Gulf in 1862 because the policy with regard to the Indian Navy was then under review. Prior to 1830 the Marine had been regarded as a fighting service, but from that year, when it became the Indian Navy, its primary function was to carry mail between Bombay and Suez and occasionally Basra. Many people argued that this was a function which could be performed more appropriately by private companies, and Mackinnon's initial application was considered in the context of the debate on this issue. He was awarded the contract to run the subsidised mail service in 1862 and on 30 April of the following year the Indian Navy was officially abolished.[1]

When the Company sought a more frequent service in 1865 it claimed that the increase in trade between India and the Persian Gulf, which had followed the introduction of the B.I.'s steamers to this route, had rendered the existing facilities inadequate, and leading Persian merchants and others had pressed for a fortnightly service. The B.I., which had received eighty thousand rupees a year for the eight voyages, was now prepared to accept 160,000 rupees for twenty voyages a year.

The government sought the views of the people most concerned: the Postmaster-General and Commissioner for

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1. J.B. Kelly, Britain and the Persian Gulf, 1795-1880, p. 564.

Customs in Bombay. The PMG did not think he would be justified in recommending doubling the subsidy from postal resources, although there had been an increase of 50% in the number and value of correspondence since the question of the B.I.'s subsidy for the route was last discussed. However, in the absence of a subsidy from his department, he thought it might be met from increased customs duties. The Commissioner for Customs included a table with his comments, showing that the value of trade between Bombay and the Persian Gulf had almost exactly doubled from 1862-3 to 1864-5. He had no doubt that a fortnightly service would be a boon to the mercantile community and provide additional revenue for the state.

These reports from Bombay persuaded the government of India to recommend acceptance of the proposals experimentally for two years, but, as already mentioned, its support for subsidies in general was weakening and the recommendation was luke warm. Moreover it consulted its own departments after making the recommendation, and their comments were less favourable than those from Bombay.

The Public Works Department thought more frequent services were unnecessary for the Indo-European Telegraph, while the Political Department doubted if the steamship service provided on the rivers by the Euphrates and Tigris Co. would be able to cope with such a frequent service from Bombay.

If this company could not meet the demand, the anticipated increase in trade would not be achieved. On the other hand, if it could ~~not~~ meet the demand, it would only be by providing an additional nine steamers on the river. The department did not explain how it arrived at the figure of nine but it warned

> "... that the Pasha of Baghdad might throw difficulties in the way of nine English steamers being on the river ..."

These comments were available to the Court of Directors before a final decision was taken, and opinion in London was divided. Sir James Hogg, a member of the Secretary of State's Council, said the additional subsidy was not required for the Telegraph and could not be justified from the point of view of postal services or customs duties. If it were paid, he thought it would be for the benefit of private merchants, and he saw no adequate reason to incur heavy expense for that purpose. He said, if the trade were large and sound, there would be no lack of freight. Others on the other hand argued that the additional subsidy would further stimulate trade and lead to a net gain for government by way of higher revenues. Their views prevailed, and the application was approved on an experimental basis for two years[1]. The Persian Gulf service in fact proved a great success. In 1869 Mackinnon's friend, Lieutenant General Sir William Pelly, who was on duty in the Gulf reported that the B.I.'s ships were running full and

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1. I.O.L. Despatches to India 1865: Record Dept. Vol. 8. Minutes written between 8 and 29 December 1865.

refusing cargo although the steamers were now larger than the original ones and running fortnightly instead of monthly[1].

The events which lead to the creation of Mackinnon's Netherlands India Steam Navigation Company began in 1863. In that year the Dutch government offered a generous subsidy for the carriage of their mails in the East. The B.I., which already had a line to Singapore, was naturally interested, but a difficulty was that ships for the service had to be Dutch. This problem was finally overcome when Mackinnon founded the N.I.S.N. in 1868, with ships under the Dutch flag. As a separate company, it met the requirements of the Netherlands government, but many of its directors were the same as for the B.I., and most of the £156,360 capital with which it started was subscribed by B.I. shareholders and inevitably it worked closely with the B.I. On occasion B.I. ships were chartered by the N.I.S.N., and the two firms were able to "feed" each other. The B.I. operated as far as Singapore, while the N.I.S.N. started from there and ran services South-eastwards to the Dutch East Indies and on to Brisbane, Sydney and Melbourne.

It paid its first dividend three years after its foundation, and steadily prospered. In the twenty five years of its existence it paid an annual average dividend of £11.3.10, and by 1890 was valued at £358,410[2]. In that

1. M.P. Pelly to Mackinnon, from Bushire, 14 August 1869.
2. M.P. Statement prepared for the liquidators.

year it was decided that the company should go into liquidation, because the Dutch government was adopting monopolistic policies which were squeezing out companies like the N.I.S.N. In unfavourable circumstances a small firm such as this could not compete with the giants of South East Asia and the Far East, like the P. & O., the Blue Funnel, Glen, Castle and Shire lines.

Competition however was not entirely cut-throat. There was a sort of conference system, and shipping lines cooperated over matters of common interest. One of the most important instances involving the B.I. occurred in 1885, when 93 firms, headed by the P. & O. and B.I., signed a petition to the Secretary of State for India asking for the inner harbour at Aden to be deepened. It was forwarded to the Secretary of State by Mr. Norwood, M.P., who said the shipping owned by the petitioners amounted to about 1½ million gross tons. The Committee of Lloyds also sent a copy of a letter from their agents in Aden which said:

> "... The bottom is mud and sand and nothing more than ordinary dredging work is required.
>
> In addition to its commercial advantages, the importance to underwriters, in time of war, of a deep inner harbour of refuge behind the new fortifications at Aden appears to us to be great, inasmuch as it would enable vessels of all sizes to escape from an enemy's line of fire ...".[1]

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1. I.O.L. Public Works Department Records, 1885, Vol. 150, Letter of 27 April 1885.

They also argued that a Port Trust would have an annual surplus of at least 100,000 rupees, judging from the surpluses accumulated in the past.

The Secretary of State sent the petition to the Governor-General in May, and referred to a request which he had made earlier for the establishment of a Port Trust to effect improvements to Aden harbour[1]. He said, if the creation of a Trust would delay matters, the Aden authorities should be told at once to proceed with dredging operations as soon as practicable.

The Government of India did not treat the application with the urgency which might have been expected. When it finally replied in October, it said there was not enough money in the Port Fund, and so the dredging operations should be held over till a Port Trust was formed. Lord Randolph Churchill, who had in the meantime become Secretary of State for India, was also dissatisfied by the lack of energy of the Indian government, and in his own reply pointed out that the question of improving the harbour was a pressing one. He hoped, soon to be informed that the matter had occupied the attention of the government of India and that of Bombay

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1. I.O.L. Public Works Department Records, Vol. 150, 1885.

> "... and that one has been appointed, whose first duty will be to take in hand the improvements in the harbour so much called for ..."[1]

The answer from India came more quickly under this pressure, and in the following month it was reported that progress had been made in forming a Trust. In fact the government of Bombay did not pass the Aden Port Trust Bill till July 1887. In the meantime there were more questions about it in the House of Commons, and further pressure from the Aden Chamber of Commerce and the Chamber of Shipping in the United Kingdom. Finally these interested groups were satisfied, when the Secretary of State told them he had received a telegram from the Viceroy dated 31st May 1888, stating that orders had been issued for the submission of detailed proposals for deepening Aden Harbour in anticipation of the formation of the Aden Port Trust. There was therefore reason for believing that the work would soon begin.

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The first two names among the 93 petitioners were those of the P. & O. and B.I. The order in which the firms were listed presumably reflected their relative importance, but the juxtaposition of these two was also symbolic of their close association as friendly competitors

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1. I.O.L. Public Works Department Records, Letter of 10th December 1885, Vol. 150, 1885.

whose fortunes ran closely in parallel till they finally merged in 1914.

The P. & O., like the B.I., had its origins in a commercial firm run by two Scotsmen, Brodie M'Ghie Wilcox[1] and Arthur Anderson, and, like the B.I., it became well established in the shipping business by a government contract to run a monthly mail service. That was in 1837, and the service was between Britain and the Iberian Peninsula. For the previous few years it had been operating at a loss, but the subsidy of £38,000 a year made it a profitable concern. Like the B.I. also, it suffered an early misfortune when it lost one of its principal ships the "Don Juan", which at its launching was advertised as the largest ship of its type in the world. Finally in each case there was an interregnum after the death of the founders before another dynamic Scotsman took over. In the case of the P. & O. the new source of strength was Thomas Sutherland, and with the B.I. James Lyle Mackay, who was later created Earl of Inchcape.

There were of course important differences, the most obvious being that of age. The P. & O. was the first company to carry mail between Britain and her Empire in

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1. Wilcox was half Scottish and half English.

the East on a commercial basis. As already mentioned, she won contracts to run a service to Alexandria, and later from Suez to Calcutta, and connected the two by a short overland route in Egypt. The original parent firm, equivalent to Mackinnon, Mackenzie & Co., was established by Wilcox and Anderson in 1815, so the P. & O. was a major concern by the time Mackinnon formed the Calcutta & Burmah Steam Navigation Co. in 1856.

The second important difference is that the P. & O. primarily engaged in the long distance routes, while the B.I. was largely in the coastal business. In the main therefore their functions were complementary, with B.I. ships in many places acting as "feeders", and the P. & O. for its part often carrying passengers and cargoes to and from India, which were destined finally for ports best served by the B.I.[1] This distinction became less pronounced as the firms grew, and competition sharpened following the opening of the Suez canal. However trade was growing fast enough to accommodate both companies, while the Conference System and the tradition of friendship between them prevented cut-throat competition. The B.I.'s attitude of respect and defiance is well illustrated by the tone of a letter which Hall wrote to Mackinnon in 1864. He said:

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1. Cable, op. cit. P.206.

> "... I am sorry the P. & O. seem grumpy with us ... They have as much to fear from us as we from them, at the same time we must avoid anything like a challenge to them ... If they attack us without cause we will fight them vigorously, but we will then have nothing to accuse ourselves of ..."[1]

Friendship with the B.I. did not of course protect the P. & O. from other sources of competition, and in some ways the opening of the canal created peculiarly difficult problems for it.

The expertise and ships it had built up for its long distance routes lost much of their advantage with the opening of the canal, because the distances to the East were so drastically reduced and most of its ships were unsuitable for use in the canal. They were either small ones for home waters, or else relatively large liners designed to travel fast over long distances. These were extreme categories, not readily adaptable to the new situation created by the canal.[2] The company suffered the keenest competition from the new class of tramp steamers, which were comparatively cheap to build and maintain. These vessels became very profitable with the invention of the electric telegraph, which made it possible to notify them quickly of the availability of cargo at particular ports. It there were insufficient trade, they could be laid up at little cost. Lines like the P. & O., on the

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1. MP. Hall to Mackinnon, 6th September 1864.

2. Divine, op. cit. P.135.

other hand had been organised to cope with seasonal trade and to take advantage of prevailing winds. Their ships were too expensive to lay up, and to be economic had to be employed, if possible, all the year round. The other serious source of competition was the Messageries Imperiales, which had grown rapidly with the help of very generous subsidies from the French government, and competed directly with the P. & O. over its major routes.

The tramp steamers and Messageries presented a major challenge from the mid 1860's, while the Suez canal added more problems, so that the company passed through a very difficult decade. It finally triumphed under the leadership of Sutherland by acquiring its own cargo steamers to compete with the tramps, by cutting rates to rival the Messageries, and by building ships suitable for the canal route. It is a tribute to Sutherland that the P. & O. finally prevailed, but there was clearly lack of foresight about the implications of the canal, otherwise the company would not have got into such serious difficulties.[1]

The canal was under construction for ten years, but the P. & O. did not take advantage of that period to build suitable ships for it. One reason was that no one could forecast the full effects of the canal accurately. It was an unprecedented project, so there was no experience for a

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1. Divine, op.cit. PP. 134-140.

guide, and doubts about it persisted to the end. Hall, who was in Egypt, wrote on the eve of the opening that people there did not speak at all confidentally of the success of the undertaking. Nevertheless the P. & O. showed less imagination than could have been expected and, being very unprepared, was obliged to continue using the overland route across Egypt for years after the opening of the canal.

The suggestion that the British Post Office was holding it to a contract to use the overland route and railway, because this brought revenue to the largely British owned railway system, only contains an element of truth. The Post Office naturally argued that the company would save money by abandoning the overland route, and that this saving should be reflected in a greatly reduced subsidy, but it has been implied that the Post Office was really insisting on adhering to the overland contract by demanding an impossibly large reduction in the subsidy for the canal route[1]. There were certainly protracted negotiations about the amount of money which would be saved, but the company only made a positive application to run a cheaper service via the canal in 1873, because prior to that it did not have enough ships for the purpose[2]. In 1877, the directors admitted that

1. B. Cable; op.cit., p. 181.

2. D. Divine; op.cit., pp. 134 and 141.

since the opening of the canal they had been obliged to build 80,000 tons of shipping and to sell 40,000 tons of older vessels at a sacrifice.[1]

All major shipping lines experienced difficulties during the '60's and early '70's, because they had to refit many of their ships at great expense to use the compound engine, while those trading between Europe and Asia were obliged to acquire vessels which could use the canal. During this period the B.I. suffered less than the P. & O., mainly because of the nature of its trade, but partly thanks to better management. With its activities confined almost exclusively to the Indian Ocean, it was not imperative for it to acquire a fleet of ships which could use the canal, although Mackinnon seems to have foreseen the effects it would have more shrewdly than the directors of the P. & O. did. Its shorter routes on coastal services were also an advantage. They were not so directly challenged by the heavily subsidised Messageries, and they could compete more effectively with the new tramp steamers.

From the point of view of management, Mackinnon and J.M. Hall were at the height of their powers during this period, while the P. & O. had entered its interregnum. Wilcox died in 1862 and Anderson who only survived him by six years continued to run the company autocratically, but

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1. Divine, op. cit. P. 135.

without his earlier flare.

The B.I.'s greater adaptability at this time enabled it to catch up with the P. & O. to a great extent, and largely explains why the two companies were about the same size at the time of the merger. At the end of 1913 the P. & O. had 61 ships of altogether 548,564 tons and capital of £5,300,000. The B.I. had 126 ships totalling 587,071 tons and capital of £1,657,200[1]. These figures reveal some of the differences between the two companies. The P. & O. was much more heavily capitalised, and for its long routes was using ships which were on average twice as large. The B.I. on the other hand, with its numerous coasters, had more than double the number of vessels.

After the opening of the canal, the B.I. competed more directly on long distance routes. A service was soon introduced between Basra (on the Persian Gulf) and London via Algiers and Lisbon, and in 1876 a line was opened between Calcutta and London via Madras and Colombo. Other services between the Indian Ocean and Britain were added, but they proved a disappointment financially and produced one of the few disagreements over major policy between Mackinnon and James Macalister Hall. Mackinnon wanted to diversify the company's activities, but by the

1. D. Divine; op.cit., p. 168.

1880's Hall was persuaded that it should remain specialised. He argued that the long sea routes were a financial liability, which brought no compensating advantage, whereas he knew of no company with a better or more profitable coasting trade[1]. The result of the debate was in practice a compromise, making the B.I. less specialised than in the pre-Suez period, but still with a service which largely complimented that of the P. & O.

The close association between the two companies was personified in the career of James Lyle Mackay. He was born in Scotland in 1852, the year that Sutherland joined the P. & O. at the age of 18. In 1874, two years after Sutherland became managing director of the P. & O., Mackay joined the B.I. as a General Assistant in its Calcutta office. He was taken on for three years in the first instance, but his outstanding ability was soon apparent, and when the Bombay agency of Nicol & Co. failed, he was sent to clear up the business and reconstitute it under the name of the parent company: Mackinnon/Mackenzie. Following the death of Mackinnon, he became the dominant personality in the B.I., and although he did not succeed to the chairmanship till 1913, he achieved distinction outside the company in the meantime. He received a knighthood in 1894, became a

1. MP. Hall to Mackinnon, 29th November 1886.

member of the Council of India in London three years later, and was sent as Britain's representative to negotiate a commercial treaty with China in 1901. He finally became very wealthy and was given an Earldom, but two episodes are worth mentioning to illustrate his character and the high esteem in which he was held.

In 1909, John Morley, the Secretary of State for India, offered him the Viceroyalty in succession to Lord Minto. Mackay was ready to accept, but Morley had been indiscreet. News of the offer leaked before he had consulted his cabinet colleagues and this caused offence. Moreover there was decisive opposition in the Cabinet on the grounds that Mackay had too many commercial interests in India.

In October 1921 he was offered the crown of Albania by an English representative of big business interests in the Balkans, who wrote:

> "... I have been approached by official representatives of Albania, including the new Foreign Minister and the very influential deputies of the new Parliament ... to inquire whether under any circumstances you would consider accepting the dignity of Kingship of Albania ..."

This seems to have been a perfectly serious inquiry. The letter explained where the king would live, what his duties would be and where they might meet to discuss the proposition. The Tobacco Monopoly was about to be sold to an English

company and an Anglo-Persian group was negotiating for the oil concessions. If Lord Inchcape would not accept the crown, therefore, could he suggest another wealthy Englishman or American with proven administrative ability. Inchcape's reply was typically pithy:

> "I duly received your letter of the 29th ulto and am sorry I have been so long in replying. It is a great compliment to be offered the Crown of Albania but it is not in my line!
>
> Yours sincerely,
>
> Inchcape"[1].

In the story of the B.I. Lord Inchcape is best remembered for arranging the B.I. and P. & O. merger with Sir Thomas Sutherland. Although rumours that the P. & O. was proposing amalgamations and extensions caused a steep rise in its share prices in 1912, the actual announcement of a merger with the B.I. two years later took financial circles completely by surprise, and there was great curiosity as to when the negotiations began.

Clearly Duncan Mackinnon had no part in them, because he was very jealous of the B.I.'s independence. Formal discussions were not held, therefore, till Inchcape became chairman, but there were obviously private talks on the subject before then. Some authorities suggest that

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1. H. Bolitho; Lord Inchcape, London, 1936, PP. 161-163.

they began in 1901[1], others imply 1905[2], and there has inevitably been speculation as to who first had the idea. Was it the younger dynamic Inchcape who saw logic in merging two companies with complimentary interests, or the ageing Sutherland worried about the future of the P. & O. after his own departure? Opinion, where it has been offered, is slightly in favour of Sutherland, on the grounds that he saw no obvious successor to himself in the P. & O., and so had to look elsewhere for a man of the right calibre to take over the firm. From this viewpoint Inchcape was an obvious choice, because he had undoubted ability and was from a friendly rival company. In fact there is evidence that the idea originated with Mackinnon and J.M. Hall and largely for the reasons which have been attributed to Sutherland.

They discussed it as early as 1892 when they and the others who had built up the B.I. were old and ailing. The words which Hall used about himself in 1890 also applied to the other old hands by then. He said to Mackinnon:

> "... I need to lay up so much now for repairs that you get very little use of me ...[3]".

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1. B. Cable, *op. cit.* P.206.
2. D. Divine, *op. cit.* P.175.
3. M.P. Hall to Mackinnon, 20 October 1890.

The letters between these old friends during their last years almost always contained reports of someone's ill-health or death. On one occasion Hall cancelled a trip to Edinburgh because for the first time in months he was feeling so well and did not wish to risk catching a cold waiting about on station platforms. The following from his correspondence is typical of the remarks with which they ended letters to each other.

> "... And for yourself William my earnest prayer is that you will soon be quite well again and we together be able soon to praise him whose goodness and mercy have followed us all these long years that are behind us ..."[1].

Of the close relatives, Hall's wife and Peter Mackinnon died in 1892, and business associates of long standing such as Monteath, one of the B.I. directors, were failing fast. To meet the inevitable end, Mackinnon encouraged some of the old members to leave the board of the B.I., and appointed younger men of ability in their place. But as no obvious successor to himself appeared, the idea of merging the B.I. with some other company arose as a possible way of securing the future. Commenting on Mackinnon's proposal in 1892, to put Edwyn Dawes on the board, Hall said:

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1. MP. Hall to Mackinnon, 30th March 1893.

> "... If you decide on him dont you think it would be well to let him know what is in your mind, if you are really in earnest ... as to parting with the whole concern ... I feel strongly that if a sale be at all possible we shall never again be able to negotiate it on as good terms as we may get now ... I imagine you dont think the P. & O. would consider the idea of acquiring the concern ... The Co. is rich and Sutherland is ambitious. Our coasting trade would fit them admirably and the P. & O. would then be without a peer among the shipping companies of the world ..."[1]

The P. & O. was not the only firm considered in this context however, because a few months later Hall said there was a great race between Brocklebanks and Bibbys for prominence in the Eastern shipping trade. He wondered if one of them might consider buying the B.I., if the idea was suggested, and he mused about the commanding position and power which such a purchase would bring. He even speculated that they might combine to buy the B.I. because they were friendly although rival concerns.

These quotations from the correspondence between Mackinnon and Hall almost at the end of their lives and reference to the B.I. - P. & O. merger does not complete the story of the B.I. It played a most important part in the development of East African trade which must be related in connection with Mackinnon's involvement in the politics of the area. It must also be borne in mind as the principal source of revenue which enabled him to embark on expensive ventures in East Africa.

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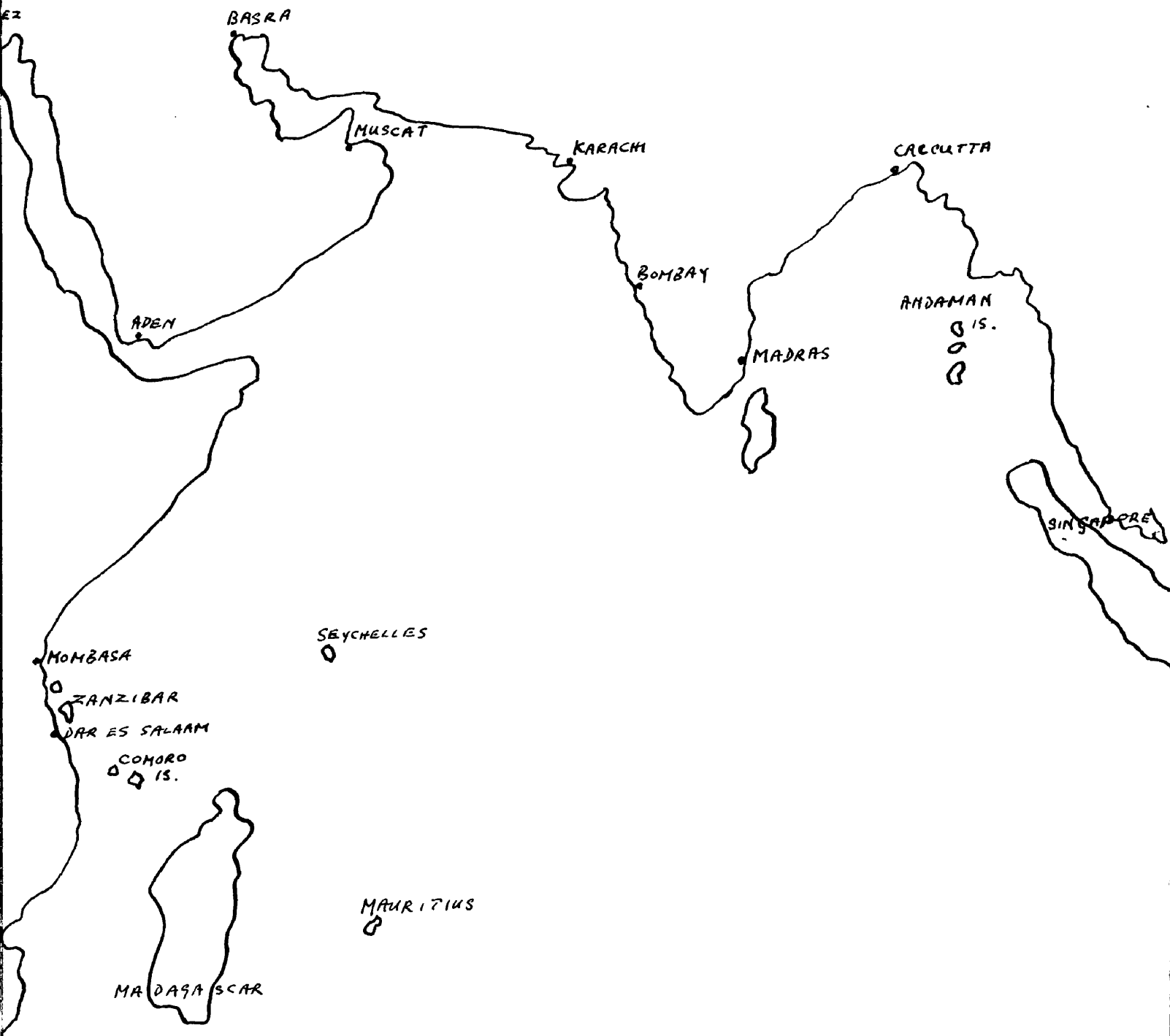
1. MP. Hall to Mackinnon, 8th January 1892.


EZ
BASRA
MUSCAT
KARACHI
CALCUTTA
BOMBAY
ANDAMAN IS.
ADEN
MADRAS
SINGAPORE
SEYCHELLES
MOMBASA
ZANZIBAR
DAR ES SALAAM
COMORO IS.
MAURITIUS
MADAGASCAR

III. EAST AFRICA AND SMITH-MACKENZIE

Mackinnon established slender connections with East Africa soon after founding the B.I., by carrying Indian labour to East Africa and by engaging in the very modest trade which existed between it and India. In 1864 he went so far as to invite James Liddell to be his agent in Zanzibar, but Liddell declined the offer and Mackinnon did not consider trying to run a regular line to East Africa till some years later.

In the early '60's he was preoccupied with the task of building up his recently established services round India, and the Persian Gulf. It was not till 1865, that he sought to extend regular lines further westwards. In that year he applied for a subsidy to run steamers from Bombay or Karachi to Suez, via Aden and Muscat. The application was strongly supported by the Presidency of Bombay, but finally rejected by the Government of India on financial grounds. Mackinnon, however, did not give up, but revived his application the following year through W. Nicol & Co., his agents in Bombay. He may have been encouraged to persist with his application by the opinion of his friend, Lieutenant-General Sir William Pelly, who later became a director of the Imperial British East Africa

Company. After making an uncomfortable journey out to India in 1865, Pelly said:

> "... I am inclined to think that if any line of steamers of good speed and sure were to start between India and Suez, they would carry nearly everything before them ...".

The application through W. Nicol & Co. was also rejected, but the success of Mackinnon's enterprise in the Persian Gulf, and the prospect of the Suez Canal opening made the westward expansion of his business an inevitable objective. The results when he finally obtained his subsidies were disappointing from a commercial point of view, but they were important in drawing him into the sphere of East African politics.

When Mackinnon's ships began trading with East Africa the commerce of the area was largely in the hands of Arabs who had driven the Portugese from it at the end of the seventeenth century. In practice Arab authority remained very tenuous till the rule of the great Arab, Imam Seyyid Said, who usurped the sovereignty of Muscat, the capital of Oman in 1806[1]. He reigned over Muscat till 1856, and using Muscat and Oman as his power base he extended his authority southwards

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1. Coupland, Exploitation, pp. 1-13.

along the coast of East Africa. He created a good small navy and collected first tribute, then customs from the increasingly arabised communities of the coastal towns.

He gradually became more absorbed by the affairs of East Africa than of Oman, and in 1840 he made Zanzibar his capital. The main reason for this decision was that he found it impossible to maintain his power adequately in both East Africa and Oman. In the days of sailing ships his ability to send vessels from one part of his domain to another depended too much on the prevailing winds which, in that part of the world affected by the monsoon, meant that they could sail northwards easily for about half of the year and southwards easily for the other half. It was largely because he recognised this difficulty that he arranged for the partition of his territories at his death between two of his sons - one to rule from Zanzibar and the other from Muscat.

He introduced cloves to Zanzibar from the Moluccas, and by the end of his reign the plantation industry which he had started in Zanzibar was producing about three quarters of the world's supply. During the same period Zanzibar became the major port along the coast of East Africa for the export of slaves and ivory and for the import of goods from India and elsewhere.

For more than 50 years after slave-trading was declared illegal in 1807, Britain's main concern in Africa was to put down the traffic in slaves, but the prohibition imposed on British nationals by the Act of 1807, did not stop foreigners whose trading reached unprecendented proportions in the 1830's. In West Africa, to try to control this, and to promote legitimate commerce, the British established small bases along the coast - Sierra leone in 1808, the Gambia in 1816, the Gold Coast in 1801 and so on. By this means the slave traffic was almost ended by the middle of the 1860's, while the trade in tropical products such as palm kernels and ground-nuts was growing. The volume of the legitimate trade was in fact disappointing but British companies and business penetrated the interior without seriously involving the government for twenty years. The policy of trading and exercising influence without having to accept the burdens of imperial rule thus met with some success.

On the East coast the slave trade continued for much longer and legitimate commerce was slow to develop. Said's hegemony over much of the East African coast made the campaign against the slave trade easier from a diplomatic point of view than in West Africa, where a major problem had been the existence of so many political authorities.

However, this advantage was more than offset by the additional obstacles of East Africa. In particular it was much further away from Britain. Before the opening of the Suez Canal, the sea route to Zanzibar was twice as long as the one to Lagos.[1] Another factor was that the interior of East Africa had not been explored. Britain's position there derived primarily from her political interests in the western approaches to India, and from her humanitarian concern to put down the slave trade. Legitimate commerce was far less important in maintaining her influence there than it was in West Africa. Moreover the most lucrative form of the legitimate trade, the export of ivory, was almost inseparable from slaving. The quest for ivory drew traders further and further into the interior where they forcibly recruited people to carry ivory down to the coast. On arrival at Zanzibar, or at some other port, the ivory would be exported while the slaves would be sold to clove-plantation owners, shopkeepers or even to chiefs further inland. The export of ivory thus made it very difficult to end slave-trading on the mainland, particularly as those hunting elephants were inevitably well armed, and this slave trade continued long after the one at sea was stopped.

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1. Coupland, Exploitation, p. 83.

Britain, nevertheless, tried to pursue in East Africa the same policy as she had in West Africa, of exercising influence without being committed to direct rule. She did this principally by entering into an alliance with Seyyid Said. It was hoped that an understanding with him would give Britain an advantageous position in the trade of the area. Although the volume of commerce was very small it was envisaged that an important export trade would be developed with India. There was no really sound basis for this optimism but it was felt, after the spectacular growth of the clove industry that similar advances could be made with sugar and cotton plantations, and that there were vast natural resources to be exploited in the interior. It was also hoped that the French might be deterred from trying to establish a foothold in East Africa. They occupied the islands of Nosse-be and Mayotta between 1840 and 1843, so there was a real threat of French encroachment. Moreover it had not been forgotten that Britain had acquired, from France, places in the Indian Ocean such as Mauritius, as a result of the Napoleonic wars.

Finally, Said was expected to be an instrument in suppressing the slave trade. But in seeking to use him in this capacity the British Government placed him in a serious dilemma, because the majority of his important

vassals derived most of their wealth and prestige from possessing slaves and trading in them, while the trade also provided him with a great deal of revenue. Thus, the more he was used as an agent for British policy, the more he lost authority within his own domain. He was fully aware of the threat to his position inherent in being associated with the humanitarian campaign, but he was obliged to co-operate under British pressure. In 1822, largely at the insistence of the Governments of Bombay and Mauritius, he agreed to the Moresby Treaty whereby he undertook to confine the external trade in slaves by his subjects to the western side of the Indian ocean, and to the north of Cape Delgado. The object of this Treaty was to prevent the sale of slaves to British India and Mauritius, and by a second Treaty in 1845, he agreed to limit the trade to his African dominions.

During the early part of the century his relationship with Britain was very informal, but its practical importance to him became evident in 1824. In that year Captain Owen, who was doing a survey of the coast, was asked by the Mazrui Sheiks, ruling Mombasa, to take their town and mainland strip under British protection. They wanted support against Seyyid Said who, as ruler of Oman, was seeking to re-establish Omani power along the coast.[1]

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1. Coupland, Exploitation, p. 168.

Captain Owen on his own authority agreed to their request provided slave trading was abolished in Mombasa, so a convention to this effect was signed and Owen sought the approval of the British Government. This approval was not given however, largely on the grounds that it might infringe the rights and wishes of Seyyid Said. Having recently persuaded him to agree to the terms of the Moresby Treaty, the British could hardly side with his opponents at that juncture, so after 18 months Owen was obliged to haul down the British flag from Fort Jesus, Mombasa.

This incident was significant for two reasons. First, it showed the Sultan that Britain would protect his interests, at least in certain circumstances. Second, the fact that Owen's presence, with a small force, had stopped the slave traffic through Mombasa provided ammunition for those who were later to argue that naval patrols were not adequate, but should be supplemented by the establishment of British power at strategic places along the coast.

In the meantime, during the period when Mackinnon was beginning to take an interest in East Africa, the policy of the British government was to try to restrict the slave trade. This was done, first, by negotiating treaties for the suppression of the trade with the principal recipient countries, such as Persia, Muscat, Madagascar,

and various Arab countries round the Persian Gulf, and, secondly, by trying to prevent the export of slaves from East Africa. In pursuit of this second aim the Sultan was persuaded, in 1845, to restrict the trade in slaves to Zanzibar, and his other African towns and islands. The effectiveness of this policy depended on the Sultan's ability, and willingness to control his own subjects, and on the ability of the British navy to prevent the smuggling of slaves.

In practice, neither was very successful. So many of the Sultan's subjects depended on the slave trade for their livelihood that he was liable to endanger his own position if he tried to control it too rigorously. The navy, for its part, had the task of trying to distinguish between vessels engaged in the legal and illegal trades. In other words naval officers had to decide, whether a slaver was plying between ports within the Sultan's domain, or engaging in illegal trade by carrying slaves from one of his ports to one outside his jurisdiction. This was an impossible task, but there were also other difficulties. Seven or eight ships could not patrol about 4,000 miles of coast. The navy's sailors did not stay long enough to become experienced at the job, and they did not know the language, which put them at the mercy of untrustworthy interpreters[1].

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1. Coupland, Exploitation, pp. 155-165.

When the failure of the policy of restriction became manifest, and the Sultan, Seyyid Barghash, in 1870, refused to try to enforce more rigorous regulations, a Select Committee of the House of Commons was appointed to enquire into the whole question of the slave trade in East Africa. From the point of view of Mackinnon's future involvement there, it is noteworthy that a number of his friends, or friends to be, gave evidence to the Committee: Sir Bartle Frere; Sir John Kaye, and the Reverend Horace Waller.

Frere was already a friend, and Waller will be mentioned later, but Kaye, as Secretary in the Political and Secret Department of the India Office, was of immediate importance to Mackinnon. They first met in the spring of 1870, when Kaye was authorised to ascertain privately, and in more detail, the terms on which Mackinnon was proposing to operate a line to Zanzibar. They must have got on well from the outset, because a few months later, in August, Kaye wrote confidentially telling Mackinnon of the progress of his application. He said, "highest authority" (that was the Secretary of State for India) opposed it, on the grounds that the line would primarily affect the slave trade, which was solely a responsibility of the Imperial government. The Secretary of State admitted that it might advance India's commerce, but Kaye was convinced there would be no progress

unless the British government undertook to pay most of the subsidy. Kaye favoured the project, but said that as he was not in the financial department he was perhaps not so concerned about immediate financial difficulties and looked rather to future benefits[1].

The following month he declined an invitation to Balinakill because he was too busy, but thanked Mackinnon for a bag of grouse. Before the year was out however, they had become such friends that Mackinnon agreed to be one of two securities for a loan of £1500 which Kaye borrowed from the General Credit Co. to meet expenses arising from the "unfortunate position" of his sons in Australia[2]. At about Christmas time, the same year, Kaye mysteriously received a chest of tea. When he deduced it was from Mackinnon, he wrote to thank him, saying

> "... good tea is a great luxury ... Bad grocers tea has driven me to drink claret at breakfast ... but I shall go back now to the better habit ..."[3]

As a result of this friendship, Mackinnon enjoyed the benefit of Kaye's experience and knowledge of the civil service. In October 1871, for example, he advised Mackinnon to write to India about renewing the B.I.'s contracts, and

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1. MP. Kaye to Mackinnon, 9th August 1870.
2. MP. Kaye to Mackinnon, 10th December 1870.
3. MP. Kaye to Mackinnon, 24th December 1870.

to send a copy of his letter to the Secretary of State, so that it could be considered before the recommendation of the Indian government was received. He offered, if Mackinnon prepared the draft, to help with the wording of the letter so as to give the maximum force to the application. Finally he told Mackinnon to lose no time as he had a notion that others were in the field[1].

John Kirk was the other person of particular importance to Mackinnon at this stage, and indeed for about another twenty years. Kirk was the son of a Scottish minister, and nine years younger than Mackinnon. He studied botany and also qualified as a doctor at Edinburgh University. He showed enterprise at an early age by volunteering for hospital service in the Crimean War, and a year after returning from the Crimea, he joined Livingstone's Zambesi Expedition as botanist and medical officer, from 1858-63. When he got back to England his inclination was to become a botanist, but with his engagement in 1865, he decided that he should stick to medicine as offering the more lucrative career.

At about the same time the government of Bombay, in consultation with the Foreign Office, was considering filling vacant posts at Zanzibar. Dr. Seward, who had been Agency

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1. MP. Kaye to Mackinnon, 27th October 1871.

Surgeon there, became Consul, and Livingstone, who was on a visit to Bombay, recommended the appointment of Kirk as the new Agency Surgeon. This recommendation was accepted, and in 1866, John Kirk took up the posts of Agency Surgeon, Assistant to the Political Agent, and Vice-Consul. Thus began a period of distinguished service which ended twenty years later when he left Zanzibar.

It is not clear exactly when he and Mackinnon became acquainted, but as the governor of Bombay who agreed to the appointment was none other than Sir Bartle Frere, a link between Mackinnon and Kirk existed from the moment of Kirk's appointment. A good deal more will appear about Kirk in the following pages, but for the moment it is only necessary to mention that he and Mackinnon were good friends by the early 1870's. Kirk stayed for part of his leave at Balinakill in 1874, and said that the days there were the pleasantest of his holidays. Possibly he was being unduly polite, but his sentiments were in marked contrast to those expressed later by Harry Johnston[1].

When he returned to Zanzibar from this leave he presented a magnificent gun to the Sultan, which was a gift from Mackinnon. He also performed one of his many good deeds for Mackinnon by handing it over in the presence of Mackinnon's new agent, Archibald Smith, so that Smith

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1. See pages 353-364.

would be introduced to the Sultan in a favourable situation. Afterwards he reported that the gun had been a great success, and that the Sultan and Smith had got on well together.

Kirk and Kaye helped Mackinnon by performing services of this nature, by advising him about trade prospects, and other matters directly concerning his shipping interests, but they did two other things which were perhaps even more important.

First, they introduced him to new ideas and new people. Mackinnon obviously already knew of, and sympathised with the anti-slavery movement, but he now learned the Christian and humanitarian philosophy behind it. He got to know the leading philanthropists of the day, and his desire to spread the "truth", as he saw it, found scope outside the religious controversies of Scotland. The spirit of the business tycoon, who had made a fortune in and around India, became tempered by that of the missionary. He not only took financial risks for the movement, but actually started to spend considerable sums without expectation of material reward. In 1873, for example, he put ships at the disposal of Sir Bartle Frere's mission to East Africa at considerable expense and without hope of profit. His life which had largely been confined to business and the Free Church, found a new dimension.

The second thing which Kirk and Kaye did was to give him an insight into the workings of government. Mackinnon, it must be remembered, had a narrow intellectual background. He had been educated in a fairly remote part of Scotland, and as an adult his reading had been largely confined to the bible, literature about the Free Church and company reports. Except for relations with India, he was extremely ignorant about foreign affairs and badly in need of guidance, because his venture into East Africa involved him with three important aspects of British policy. The campaign against the commerce in slaves, the effort to promote legitimate trade as the best weapon against slaving, and the anti-imperialist sentiment which prevailed for most of the period of his concern with East Africa.

As a pious and prosperous man he fully appreciated the first two policies. The proposition that the trade in people could most easily be suppressed by developing a profitable commerce in goods had been preached for many years by Livingstone, Buxton and others, and it certainly appealed to Mackinnon. To him it was self-evident that business was a vehicle for civilisation, and it was an idea which had the merit of uniting commercial and philanthropic interests, beckoning them both to action. He was fully attuned to this movement and became a leading member of it,

but he never fully grasped the anti-imperialist aspect of government policy, which seemed to be against serious involvement or intervention. That at least appeared to be the case till the mid 1880's when the "scramble for Africa" brought about a complete reversal of this policy.

The situation was further complicated for Mackinnon, because he became involved in what might be called a demarcation dispute between the Foreign Office and the India Office. The matter was never put so crudely, but it emerges quite clearly through the polished minutes of the top civil servants of the departments that he unwittingly provoked inter-departmental problems which lead to extensive delays over the handling of his contract applications. So long as his activities were confined to India, they were clearly the concern of the government of India and the India Office. The same was more or less true of the Persian Gulf, but this was not the case in East Africa. There, Zanzibar was historically of importance to Britain in relation to India, and it is noteworthy that India had the major voice in appointing its consuls.

However, by the time Mackinnon was entering the East African scene Britain's over-riding interest there was in the suppression of the slave trade, which was a Foreign Office concern. The problem was where did the authority

of one department begin and that of the other end? During the last quarter of the century, as Britain became more involved on the mainland, the Foreign Office gained supremacy. But in the '60's and early '70's, while Mackinnon was trying to establish a shipping service in the area, the position was by no means clear and their powers were fairly evenly matched. Operating in this penumbra between two major departments of government it took six years to establish the regular line to Zanzibar.

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The move to establish it goes back at least to 1866. In September of that year the government of Bombay noted the inefficient state of postal communications with Zanzibar, and resolved that the Postmaster General should make suggestions as to the best means of improving them. Three months later the PMG underlined the point of the resolution by reporting that he had not received replies to letters, or information regarding the postal arrangements at Zanzibar, addressed to him by the Political Agent, so could only conclude that the means for corresponding with it were as uncertain and tedious as it was possible to be.

He followed this comment with the suggestion that the service could be improved most cheaply by running a vessel across the 1,200 miles from Zanzibar to the Seychelles,

where it would connect with the regular French line between Mauritius and Aden.

This suggestion was given a great deal more force a few months later by a memorandum from Colonel Rigby[1]. He said that during his service in Zanzibar he had urged the establishment of a regular service between it and Bombay, pointing out that the trade of Aden, Muscat, and Basra was being diverted from Karachi and Bombay to foreign ships. He said:

> "... Zanzibar is also becoming the emporium for the sea-borne trade of Madagascar, Mozambique, the Comoro Islands, and the whole of the East coast of Africa. It is now the chief market in the world for the supply of ivory, gum, copal, cloves, and coweries, and has a rapidly increasing export trade in hides, oil seeds, dyes etc., while sugar and cottoh promise to figure largely in its future exports ... All this valuable trade is at present lost to British merchants, because, until there is a postal communication with Zanzibar, it is impossible for them to compete with the foreigners ..."[2]

While the government of India was considering improving communications with Zanzibar, Mackinnon was pursuing his application to run a line between India and Suez. In February 1868, he sent a memorandum to the Secretary of State for India reminding him of the B.I.'s application of 1865, which had been rejected. He argued that circumstances

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1. Rigby had been an Indian Army Officer and then Consul at Zanzibar from 1858-61.

2. I.O.L. Political Home Correspondence, vol. 35, File 1614, 1871. Rigby's memorandum of 3 March 1867.

had changed so much since then, that the matter should be reconsidered. In particular, he said the area along the route concerned had become very much more important for Britain and India. The Egyptian government had established steam lines along the Red Sea, and it was reported that a French company, with government backing, was about to enter the same field. There was thus a real danger of British shipping being excluded from the coastal trade of the area. He thought this danger could only be overcome by adopting his proposals, as soon as possible, and making it clear that they were supported either by the British or the Indian government, so as to secure protection and the necessary facilities at the various ports of call.

He offered to run a service between Karachi and Suez, monthly for 17,500 rupees, or fortnightly for 32,000 rupees. It was difficult to estimate the volume of the existing traffic, and he doubted if the subsidies proposed would more than cover working expenses. However, he was prepared to take the risk, because he wanted the B.I. to pioneer a regular steam service along the new route, as it had already done in the Persian Gulf. He said that his Persian Gulf service had helped in the suppression of the slave trade, and piracy, and promoted legitimate trade to the benefit of the countries bordering the Gulf and India. He had no

doubt that the line now proposed would produce similar results, and, knowing that it was being considered by the government of India, he alluded to the question of Zanzibar. He said that the communication between India, Muscat and Zanzibar, which the government of Bombay wanted, could be established more efficiently with the line he was proposing, than directly with Bombay, and he was prepared to run it[1].

This was Mackinnon's first reference to a Zanzibar service, but in spite of official concern to improve communications with Zanzibar, this memorandum received little attention in the India Office, and on the 21st January, 1869, Mackinnon sent a personal and private letter to the Duke of Argyll, who had become Secretary of State, asking if his memorandum could be favourably considered.

A little later, the B.I. suggested an additional separate line between Aden and Zanzibar. According to Sir John Kaye, no action was taken on any of these applications for a long time, because of the extremely unsettled state of relations with Zanzibar and the Persian Gulf, and also because it had been considered inopportune to incur any obligations for the improvement of communications with these regions, whilst it was uncertain whether their political

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1. MP. Mackinnon to the Secretary of State for India, 10th February 1868.

relations would remain with the India Office or the Foreign Office[1].

These problems had not been resolved by 1870, but action could be delayed no longer because the questions of Zanzibar and the Persian Gulf had been looked into by two committees - one sitting at the Foreign Office, and the other a Special Committee of the House of Commons. The Foreign Office committee said:

> "... We hope that some means may be devised for rendering the postal communication with Zanzibar more certain and regular, and looking to the growing importance of Zanzibar and its proposed establishment as the great central depot for all the liberated Africans captured in those parts we think it very important that steps should be taken for this purpose ..."[2]

In April 1870, the Postmaster General said he had received complaints about the inconvenience caused by the irregular service to Zanzibar. He referred to the committee's report, and said that, although the correspondence between Britain and Zanzibar was very small and would not justify any great expense in maintaining communications, he would be prepared to recommend some contribution towards the cost, in the event of the Indian government accepting the offer of the B.I., or any other company to establish a regular service between Aden and Zanzibar.

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1. I.O.L. Memorandum of 21st April 1870 from Sir John Kaye to Secretary of State. Political ~~and~~ Home Correspondence, V81.34.
2. I.O.L. Political ~~and~~ Home Correspondence, vol. 35. File 1614, 1871.

The Foreign Office and India Office accepted the committee's recommendation, so with the departments concerned all supporting the idea of improving communications with Zanzibar, Sir John Kaye sought permission to ascertain, privately from Mackinnon, details about his proposals. Kaye obtained the permission he sought, and so began their acquaintance and friendship.

The situation was complicated a little further by the receipt of another application, this time from the firm of James Wiseman & Co., to run a service between Britain and Zanzibar, via the Suez canal. However, this was such a vague application that it was not taken very seriously, and in June 1870, Mackinnon, presumably on the advice of Sir John Kaye, submitted a fresh memorandum explaining his proposals in greater detail.

He pointed out that there was no regular service between Aden and Zanzibar, and indeed very little commerce of any kind on that route. There was a small irregular trade via the Cape, largely in the hands of French and Americans, but that between East Africa, India and the Persian Gulf was virtually the monopoly of Arabs and Indians. He thought the potential trade at Zanzibar was considerable, and could be developed by a regular service towards Aden, the Red Sea and India. But he warned that

the cost of a service between Aden and Zanzibar would probably be greater than between almost any other two ports in the East, because of the high price of coal and stores of every kind at both ports, and the necessity (owing to the climate) of paying the highest wages to officers and engineers. He repeated that the B.I. would willingly assume a pioneering role in establishing a regular service along the coast of East Africa, as it had done between the ports of India and the Persian Gulf; and he suggested that it would add greatly to the importance of the proposed service if it were combined with a Karachi-Muscat line, and connected with the existing service between India and the Persian Gulf. This chain could be perfected if it were then to proceed to London via the Suez canal and some Mediterranean ports. Mackinnon was so enthusiastic about this idea, and so hopeful about the trading prospects that he concluded his memorandum by offering to run fortnightly services between all the ports specified for a consolidated annual subsidy of £50,000, or a monthly service for £32,000.

Action on the memorandum was delayed for the political and financial reasons already mentioned, and because the B.I. was no longer the only firm to be considered. But, as on past occasions, procrastination gave time for fresh issues to arise. In this instance the scope of the whole problem

was widened by a memorandum from Edgar Layard (formerly Britain's Slave Trade Commissioner at the Cape of Good Hope) which urged consideration for a suggestion that there should be a steamship service from Britain round the whole of Africa. Layard referred to articles which had appeared in the Cape press putting the commercial case for such a service, and said he would deal with other aspects of the matter.

He said that such a service would reduce the period of telegraphic communication to the Cape from about 31 to 17 days, but, from the point of view of Mackinnon's application, the memorandum was important in supporting the case for a service to East Africa. It argued that an enormous trade lay undeveloped in East Africa, including Madagascar, Mauritius, and the Comoro islands; and its development only awaited

> "... the abolition of the slave trade and the fostering care of commerce ...".

Layard said:

> "I am convinced that regular communication would extend commerce and do more to check slavery than the presence of our squadron; and that civilisation must precede the missionary. I believe much better results would accrue from subsidising a company to run steamers, as suggested, than spending double the sum in increasing our squadron on that coast ..."[1]

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1. PP. 1872. LIV. 833-5. E. Layard to Mr Vivian, head of the Slave Trade section of the Foreign Office, 2nd October 1871.

This was a familiar thesis, but the Foreign Office circulated the memorandum to the India Office and Treasury, because Layard's experience in the campaign against the slave trade and the cogency with which he put the argument gave it peculiar weight.

The Secretary of State for India said he would comment on Layard's memorandum after considering all the projects arising from the reports of the two committees. However, as it was over a year since the committees had reported, and longer still since Mackinnon had applied to run a service, this reply was clearly intended to gain more time, because the questions of political and financial responsibility remained unresolved.

These questions did not only relate to the problem of finding money for subsidising a shipping line. The India Office had already asked the Foreign Office to share the expenses of the Zanzibar Agency, claiming that most of the expense arose from the campaign against the slave trade. The Foreign Office and Treasury had rejected this argument, but the reluctance of the India Office to commit itself on Layard's memorandum is understandable. Its whole case for not contributing towards a B.I. service in East Africa, and for relinquishing some of the expense of the Zanzibar Agency, rested on the ground that it was not responsible for the

campaign against the slave trade, and should therefore not bear any of the financial burdens arising from it. If it became involved in formulating a policy against the slave trade, which serious attention to Layard's memorandum would have required, then its case for being regarded as an uninvolved party would have been greatly weakened.

This further delay, as on past occasions, allowed time for fresh developments affecting Mackinnon's application. In January 1872, Lord Kimberley told the governors of the Cape and Natal of proposals to establish a steam service between Aden and the Cape of Good Hope, via Zanzibar, Mozambique and Natal; and he invited them to contribute to the subsidy. He got no immediate response from the governors, but the Union Steamship Co. became acquainted with the contents of his memorandum.[1] This was significant for the B.I., because the Union Co. had offered to run services between Britain and the Cape, via West Africa, and between the Cape and Zanzibar, for a large subsidy. However, on learning of Kimberley's memorandum it reduced its terms for the Cape-Zanzibar route, in an effort to secure the goodwill of government for its proposed West coast services. At the same time fearing that the B.I. might try to extend its activities to the Cape, it suggested

1. Report of the Select Committee on the Cape of Good Hope and Zanzibar Mail contracts, 23rd July 1873. P.P. (1873) IX, pp. 235-243.

submitting, to government, a joint application for the East coast service. The B.I. agreed to this and in June 1872, the two companies sent a joint tender to the Treasury, proposing that the B.I. should operate a line between Aden and Zanzibar for £10,000 and the Union Co. a line between Zanzibar and the Cape for £15,000 a year over ten years.

In August the Treasury forwarded this joint tender to the India Office, pointing out that at five shillings per mile, the route between Aden and Zanzibar would cost £11,050 p.a. It also said that if the B.I. would run this portion of the service as part of its general Indian contract, the Director General of the India Post Office was prepared to recommend that the government of India should contribute £6,050 and the British Post Office £5,000.

It is worth digressing here for a moment to point out that some members of the India Office thought the Director General had undermined their case and been virtually disloyal in putting forward such an idea, even though he did so informally. Indeed he was obliged to write a memorandum defending his action. The man in question was A.N. Monteath, a close friend of Mackinnon's, who later became a director of the B.I. He joined the Plymouth Brethren in 1874, and surprised even Mackinnon with some of his religious views. When invited to the

board of the B.I. in 1881, he said he would have to take the matter before the Lord. The following day he declined because he felt he would be yoked

> "... with others having aims and objects differing from what I might believe to be the Lord's mind ...".[1]

A few months later he overcame his scruples and joined the board.

To return to the subject of the memorandum to the India Office, the Treasury hoped that the government of India would cooperate in supporting an undertaking

> "... which may not only prove of great assistance in suppressing slavery and promoting civilisation on the East Coast of Africa, but may confer great commercial advantages on India by affording a direct and regular communication between that country, Zanzibar and the English settlements of Natal and the Cape ..."[2]

In a letter of the same date addressed to the Postmaster-General, the Treasury said that the service was contemplated not primarily to meet postal needs, which were insufficient in themselves to warrant a large expenditure of public money, but as an indirect, and powerful agency in opening up trade and spreading civilisation in areas where the slave trade still prevailed, little checked by the more direct measures hitherto used for its suppression. Success in suppressing the slave trade in West Africa had attended

1. MP. Monteath to Mackinnon 20 May 1881.
2. I.O.L. Political Home Correspondence, 1873, vol. 41, File 1886, 13 August 1872.

the establishment of steam communication, and there seemed no reason why a similar result should not be obtained by the application of a similar policy to the East coast. The proposed service commended itself to the Treasury on grounds of economy as well as humanity, because the only alternative was to increase the naval squadron on the coast, and this would have been much more costly than subsidising a mail service.

Six months later, the Treasury, not having received a reply from the India Office, sent another letter, enclosing a copy of a contract with the B.I. for a service every four weeks, each way between Aden and Zanzibar for a subsidy of £10,000 a year; and of a contract with the Union Steamship Co. for a similar service between Zanzibar and the Cape of Good Hope. This letter called the attention of the Secretary of State to the proposal made in the earlier letter for a contribution of £6,000 a year from the government of India.

The agreement with the B.I. began in December, 1872, and was to run for 10 years, except that the Postmaster General could terminate it on the 31st January, 1880, by giving six months notice, if the contract with the P. & O. for carrying mail between England and India, via Aden were not renewed after that date.

The contract with the Union Company, began in February 1873, and was to run for 8 years[1].

The Viceroy of India protested that the reference to a possible subsidy by his Director General had been "altogether, informal, preliminary and unauthorised ...", and said that the government of India was not prepared to contribute towards the cost of the Aden-Zanzibar line.

In the India Office it was remarked that the B.I. had the best of it, getting £10,000 for a six day voyage, while the Union Co. got £15,000 for a sixteen day voyage. However, the Secretary of State paid little attention to the details of the agreement. His over-riding concern was to minimise the involvement, interest and possible financial liability of his department. In April, 1873, therefore, he said that while he was ready to agree that Indian commercial interests were to a certain, though limited, extent involved in the establishment of postal communications between Aden and Zanzibar, he could not consider them as justifying so large a subsidy as £6,000 a year from the Indian Government. Wrangling between the two departments continued, but it was no longer of any significance for Mackinnon, once he had his contract[2].

In view of the remarks in the India Office minutes, that the "B.I. got the best of it", it is worth noting that it deserved every advantage because it was so much more

1. P.P.(1873), IX, p. 239.

2. ibid.

efficient than the Union Company. Kirk was most annoyed about the matter and in 1876, he said to Mackinnon:

> "I am to send in a report showing how well and punctually your Company has done its work and how the Union has failed, it is really throwing away money to pay them a subsidy for the way they run. They do not wish trade but run only to coal at either end and earn their subsidy but it must be a very one sided document if they cannot be compelled to keep to time ..."[1]

This chapter is primarily about Mackinnon's entry to East Africa, but it must be remembered that he was also extending his operations in other directions at the same time. In 1871, for example, he obtained a subsidy of £15,000 a year to run a six weekly service to Fort Blair in the Andaman Islands, about 700 miles south of Calcutta. Peter Hall estimated that they would make a profit of about 4,000 rupees per voyage on this[2]. While negotiating for the East Africa contract, Mackinnon was also pursuing an application which he first made in 1864, to run a line to Mauritius. This finally failed, apparently, because the prospect of the island getting telegraphic communications reduced its need for a regular postal service to such an extent that it was not considered justifiable to pay the subsidy which the B.I. would have needed.

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1. MP. Kirk to Mackinnon, 8th February 1876.
2. MP. Peter Hall to Mackinnon, 13th August 1870.

When Mackinnon obtained his East African contract in 1872, he appointed Captain H.A. Fraser as his agent in Zanzibar. This appointment was unfortunate, and got the business off to a poor start in a way reminiscent of Mackinnon's enterprise in Australia. It was an understandable mistake, however, because Fraser had served with the Indian navy and knew the Indian Ocean. He had also established his business in East Africa in association with W. Nicol & Co., the B.I.'s agents in Bombay. The business was on 2,400 acres of land bought in 1864, about 20 miles from Zanzibar. It comprised an oil and soap factory, and plantations, mostly of sugar cane.

From the point of view of Mackinnon, looking for an agent, Fraser was an obvious choice, because he had experience of India and East Africa, and was already indirectly connected with the B.I. through W. Nicol & Co. Moreover Fraser was clearly an unusual man, who could create a favourable impression on superficial acquaintance. Stanley, for example, on a visit to Zanzibar, remarked on the apathy and inertness of the Europeans there, but conceded that there were three or four intensly busy men, among whom was Captain Fraser

> "... one of the sturdiest of Scotchmen, a most pleasant mannered and unaffected man, sincere in whatever he did or said, who has lived in Zanzibar several years ..."[1]

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1. H.M. Stanley: How I found Livingstone, London, 1895, p. 19.

Sir Bartle Frere was also favourably impressed when he visited East Africa, as head of the special mission. In a report to Lord Granville, he said that the estate originally purchased by Fraser, in association with W. Nicol & Co. and a business house in London, had subsequently been bought by a Hindu, British subject, from whom Captain Fraser leased it. Under Fraser's management, he said, the area had been changed from an unimproved Zanzibar rice swamp into a well arranged and well cultivated tropical estate, and this had been done largely by giving the freed slaves positions of responsibility. There can be no doubt, he said,

> "... that the consciousness of freedom has, in many ways, improved the moral and intellectual, as well as the physical condition of these freedmen ..."

If it were demonstrated that enterprises could be run more profitably by free than by slave labour, then a major blow would have been struck at the slave trade in the area.

Frere also emphasised that there were a lot of children on the estate, because one of the arguments advanced for importing more slaves to Zanzibar, was that they were almost infertile and so it was necessary to keep importing them to maintain the labour supply. However, if, as Fraser's estate showed, freed slaves could have

children and lead normal family lives, then the case for freeing slaves, and ending the trade was considerably strengthened.

Frere ended his report about the estates on a hopeful note. He said that Captain Fraser's example had not been lost on his Arab neighbours, some of whom were introducing machinery and constructing mills; and the Sultan himself had been impressed by Fraser's efforts. Frere was convinced that if the slave trade and the status of slavery were abolished, no general or commercial interest in Zanzibar would permanently suffer. There would no doubt be political and social difficulties but he said:

> "... Captain Fraser seems to me, practically and very completely, and the more effectively because in some respects almost unconsciously, to have solved some of the most difficult problems connected with the questions before us ..."[1]

Fraser's business seemed to provide the example needed of the greater efficiency of freedmen. In fact this judgement on Fraser's enterprise was premature. But if people as different as Frere and Stanley could commend Fraser, why was he an unfortunate appointment as agent for the B.I.? There were two reasons. First, people disliked him on closer acquaintance, and second, he was dishonest.

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1. P.P.(1873), LXI, pp. 802-6. Frere to Granville from Zanzibar, 12 February 1873.

In November 1873 Kirk advised Mackinnon to establish his own premises in Zanzibar. He thought it would be a good investment to buy a site on the shore because the value of land was almost certain to rise. He also suggested that Mackinnon might negotiate, either to have a pier exclusively for his own company, or to land cargoes at the customs one, but he said:

> "... one practical difficulty in arranging this must be the impossible temper and character of your agent ..."[1]

Kirk said that his own differences with Fraser would not adversely influence the issue, but unfortunately Fraser was on bad terms with too many other people. Coming from someone as judicious as Kirk, these were damaging remarks, but they were not inspired by personal spite because Fraser was also at loggerheads with the other people who would have been principal parties in negotiations: the Customs Officer and the Sultan. He and the Customs Officer were deadly enemies, and the Sultan always dreaded becoming involved with Fraser.

His dishonesty became apparent in a minor way at an early stage, with sharp practice in the employment of slaves. The Act of 1843, prohibited British subjects from buying slaves, but Fraser tried to evade this law by hiring them

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1. MP. Kirk to Mackinnon. From Zanzibar, 19th November 1873.

from Arab owners. He paid £5 per slave in the first year and lesser sums subsequently, finally freeing them at the end of five years. As about 700 slaves were involved by 1867, the Consul, Seward, sought advice from the Foreign Office. He thought Fraser was merely using the device to "... cover illegality with a veil of philanthropy ...", but he feared that a way might have been found round the Act, which would stimulate the slave trade. In the event, the Foreign Office, after obtaining an opinion from the law officers, confirmed that Fraser was contravening the law, but fortunately for Fraser, Seward avoided having to take legal action against him by persuading the Sultan to free the slaves. Thereafter Fraser continued to employ them as free people, and it was thus that Sir Bartle Frere saw them at work[1].

The true worth of his business and character was revealed in 1874, when he placed his affairs in the hands of the bankruptcy court. Kirk was away at the time, but Prideaux, who was acting Consul, and reported the matter to the Foreign Office, said Fraser deserved no consideration in view of his questionable behaviour towards his creditors. Moreover he had surreptitiously departed for Natal, six weeks earlier, taking large shipments of sugar from his

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1. R. Coupland: 'Livingstone's Last Journey', London, 1947, pp. 151-152.

estates which should have been sold to pay his debts. The lease on Fraser's estates had just ended, and another party had taken over, so Prideaux saw little hope of the creditors recovering their money.

Prideaux also said that during visits to England, Fraser had drawn bills on the

> "... non-existent firm of H.A. Fraser & Co. of Zanzibar ... In fine Captain Fraser's career at Zanzibar during the past few years has been of the most doubtful nature and the English name has been seriously compromised in consequence ..."[1]

Mackinnon's agency in Zanzibar survived in spite of Captain Fraser only because of the tact and good offices of John Kirk. With Fraser's departure the agency was taken over by Archibald Smith, described by Kirk as "... a healthy stout fellow for the place ...". He was from Mackinnon's Glasgow firm of William Mackinnon, and was joined in 1875, by E.N. Mackenzie, from Mackinnon/Mackenzie & Co. Mackenzie was also well liked by Kirk and others, but he often suffered from depressing fevers and was not happy in the climate of Zanzibar. However, he stayed long enough for his name, and that of Archibald Smith to be given to the firm of Smith/Mackenzie, which Mackinnon formally established in 1877, with a capital of £5,000.

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1. F.O. 84/1400. Prideaux to Lord Derby, 23 November 1874.

The business began in a small way at a time when the B.I. only had five ships on the service along the East African coast. Much of the work merely involved the transfer of cargo to and from the shore, using small B.I. craft till the new firm bought its own. Until 1887, when an aqueduct was completed on the orders of the Sultan, the most arduous of the tasks was supplying water to ships. Zanzibar was a popular port of call for this purpose, because its water had a reputation for being particularly pure, and it was bought for about 12 shillings per ton.

The early books of the firm are a little confusing, because during the 1870's the Maria Theresa dollar was in use at Zanzibar. Local accounts were therefore kept in dollars, while foreign ones were kept in sterling. By the 1880's rupees were also in use and three currencies appeared in the records for about thirty years. The confusion was aggravated because the Zanzibar government started recording cents of a rupee in its accounts years before such coins were in circulation in East Africa.[1]

Ten years after Mackenzie was appointed he went on a tour northwards with General Mathews, who was on secondment to the Sultan's service, and on the strength of their reports it was decided to move the firm's headquarters to Mombasa,

1. The History of Smith, Mackenzie & Co. Ltd, London, 1938 (Anon) P.15.

which has a much better natural harbour than Zanzibar. This was a wise move, particularly as Mombasa later became the coastal terminous for the railway to Uganda.

During the early years the firm dealt with goods as orders were placed. Records of the first indents sent to London, for example, show requests for:

> "... a quantity of fish hooks; three thousand tower muskets; two hundred navy pistols; one second-hand safe, six by four feet, for the account of the British Consulate; ten casks of cement; thirty copies of the Koran, together with a further five copies in superior binding, in all respects the same as Stanley's 'Through the Dark Continent'; and thirty cases of dates from Busreh ..."[1]

The last three items were for the Sultan, who was on very good terms with the firm as well as being its best customer. A half year account for 1877, shows that he had a turnover with the company of about £1800 a year. His high opinion of the firm was to prove useful to Mackinnon in years to come.

In the meantime the commerce of Zanzibar grew. With the opening of the Suez canal in 1869, Mackinnon had chosen a propitious moment to enter the trade of the area. The importance of the whole East African coast, and especially of the route between Aden and Zanzibar, was greatly increased by the opening of the canal.

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1. The History of Smith, Mackenzie & Co. Ltd. P.17

The sea route between Britain and Ceylon was more than halved, and for shipping: distance, time and costs, to India, and to other countries of the Indian and Western Pacific Oceans, were greatly reduced. Previously, ships heading round the Cape of Good Hope had cut across the Indian Ocean and avoided East Africa. Now, although most of those passing through the canal still did not call in at East African ports, the Aden-Zanzibar route, and East Africa as a whole, nevertheless took on a new importance. Zanzibar was now 2000 miles nearer to London. Before the opening of the canal the sea route to Zanzibar had been twice as far, from Britain, as the route to Lagos.

The trade of Zanzibar increased considerably throughout the 1870's, as appears from the following table of the numbers and tonnage of ships calling at Zanzibar (excluding warships and native craft)[1].

	1871		1877		1879	
	No.	Tonnage	No.	Tonnage	No.	Tonnage
Britain	17	10,459	48	42,487	69	76,265
Germany	17	7,467	15	4,653	13	5,940
U.S.A.	8	4,250	10	5,352	10	5,283
France	11	5,450	4	3,259	4	1,975
	53	27,626	77	55,751	96	89,463

1. Coupland, Exploitation, P.322.

Although this increase was impressive, it was not as great as had been hoped. Authorities such as Rigby, and Layard, whose memoranda are referred to above, had led people to expect a quite spectacular growth in commerce, with the introduction of regular steamship services. Soon after the service was started John Kirk had said:

> "... "I am sure the line between Aden and Zanzibar will very soon be an immense success and do more for the country than anything the government could do ..."[1]

The following year he prematurely thought that the growing legitimate commerce was finally ending the slave trade, and said to Mackinnon:

> "... Though I look on you as the real suppressor of the slave trade, Sir Bartle and I have done a share and paved the way but without you had stepped in and done what you are doing all would have been labour in vain ... We shall thank God soon replace the slave traffic with something better and I have no doubt you will soon see ample rewards of a very substantial kind in the shape of dividends for all your outlay ..."[2]

Mackinnon himself had expected trade to grow more rapidly than it did, but his hopes rested on his experiences in India. There, his coastal service had flourished and brought him a fortune. It had also provided a major stimulus to commerce between the major ports of India

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1. MP. Kirk to Mackinnon from Zanzibar, 19th November 1873.

2. MP. Kirk to Mackinnon from Zanzibar, 21st January 1874.

from Calcutta to Karachi. In East Africa, however, the situation was very different. Communications on land were much worse than in India. There was no rail or telegraph service; the administration was rudimentary, with the Sultan's writ really only effective along the coastal strip near Zanzibar. Britain had no political interests in the area, beyond trying to end the slave trade, and to discourage intervention by other powers; and there was no investment of British capital to develop the resources of the territories.

By 1876, disappointment was being expressed in a mild way. In that year Kirk said he was surprised to hear that Mackinnon was contemplating running a bi-monthly service, even with a subsidy.

In February of the following year he said:

> "... I find among your Captains an idea prevalent in which your agent, Smith, I think agrees that there is not trade for a bi-monthly line. I am inclined to agree with them if the line does not touch on the coast, but if as you propose it were to touch at a few places on the coast I think the trade would increase and the dhows that now do the work go off the line ..."[1]

Clearly the heady optimism which had accompanied the opening of the regular service had evaporated, and the extent to which the trade of East Africa fell short of

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1. MP. Kirk to Mackinnon, 5th February 1877.

expectations is shown by the following table of the B.I.'s shipping in March 1893[1]:

Local Indian services	72 vessels	146,371 tons
Home lines	5 vessels	24,285 tons
Australian line	3 vessels	9,112 tons
Mauritius line	4 vessels	14,612 tons
East African line	2 vessels	2,915 tons

Although Mackinnon misjudged the prospects for shipping in East Africa by thinking too much in terms of India, there were parallels between the two situations.

The introduction of regular steam services to India in the 1840's led, as later in East Africa, to an expansion of trade which fell short of expectations. The commercial, and other disappointed pressure groups then made strong demands for the improvement of internal communications in India. These demands began to be met during the late 1850's, under the Governor-Generalship of Lord Dalhousie, and later by the massive investment in railway construction. In the case of East Africa there was a similar reaction among businessmen and officials. Faced with the disappointing results, they argued that the provision of regular steamship services alone was not adequate. The full potential of the area would only be realised if the interior were "opened up".

1.MP. From Minutes of meeting held on 21st and 22nd March 1893.

In India, Mackinnon established his coastal services after the interior had been "opened up", whereas in East Africa he faced a situation similar to that which had obtained in India in the 1830's. This was where he had erred in his assessment of the prospects for trade between Aden and Zanzibar. He had relied on his experience of India in the late 1850's and '60's, when he should have considered the picture of India as it had been a generation earlier. As a result, instead of reaping vast profits as a shipping magnate, he became involved in the expensive business of trying to "open up" East Africa. He was very willing to participate, but it became a highly complex undertaking, because it was not merely a question of improving communications. On the contrary, it was inextricably concerned with the campaign against the slave trade, and the desire to bring civilisation to the "dark continent", as well as considerations of international issues, which involved European and British domestic politics.

Mackinnon got involved in the missionary affairs of Africa at an early stage, and almost inevitably, Sir Bartle Frere who appeared at every turn during this period of Mackinnon's life, was concerned. In 1874, Sir Bartle, in his capacity as President of the Royal Geographical

Society wrote to the Secretary of the B.I., to thank him for the B.I.'s service in carrying Livingstone's body.

This incident was of little consequence in itself, but it is related because the gesture of carrying Livingstone's body free of charge was typical of Mackinnon and reminiscent of the earlier occasion when he had put a ship, free of charge, at the disposal of Frere's Special Mission to East Africa. The incident also marked another small step forward in Mackinnon's involvement with humanitarian activities in Africa. The story of his enterprise in Africa will be resumed, but in the next chapter it is necessary to tell of his worst experience in business which arose from his connection with the City of Glasgow Bank.

IV. THE CITY OF GLASGOW BANK

During the 1850's and '60's Mackinnon devoted most of his time and energy to business in India and the Indian Ocean. In particular he laid the foundations of the B.I., but at the same time he got involved in the affairs of the City of Glasgow Bank, which led eventually to his being sued for over £400,000. The fuse was lit, in a sense, from the moment of his association with the Bank in 1852, when his firm opened an account with it, but it took over twenty years for the explosion to occur. The story is worth telling because the events were a traumatic experience for Mackinnon, while the crash which preceded them was a major disaster in Scottish banking history.[1]

The Bank was established in 1839, and by a contract made in 1840 its capital was declared as £750,000. Three years later this was increased to £1,000,000, and from then it functioned satisfactorily for 16 years. In 1856, Mr. William Gemmel, a partner in a Glasgow wire rope manufacturing, and mercantile company, acquired bonds in the Racine and Mississippi Railroad Company, in the U.S.A. These were a first charge on the line, and the City of Glasgow Bank made advances on their security in 1856 and 1857.

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1. The Edinburgh Publishing Company, Report of the trial of the Directors: The City of Glasgow Bank, Edinburgh, 1879, pp. 3-4.

In 1857 the Bank suffered its first serious set-back. There was a financial crisis which occasioned a run on all banks, and in particular on the City Bank, which paid out in one day, from its head office and branches, about £250,000 in gold, and considerably more in notes. The following day it did not re-open and Mackinnon's advice was sought. He had bought £2,000 worth of shares in the Bank about six weeks before the stoppage, and soon after it he became a member of the Shareholders Committee, appointed to co-operate with the directors. A separate committee, an "Investigating Committee", found that the Bank had advanced £117,608 on the railway, while the bonds held as security for the advance were of a nominal value of £160,907.

Mackinnon was thus satisfied that the Bank was solvent, but the problem was to resuscitate it by finding the money for carrying out day to day business. His ambivalent attitude towards the Bank was formed during this crisis and was to persist. He had a very poor opinion of most of the directors and officials, and was therefore loth to become involved in their deliberations. He said:

> "... I sometimes feel depressed, the City Bank people are the most shilly shallying I have ever met anywhere, they positively do not desire to get their affairs put right, they do nothing but talk -- propose, discuss, reject ..."[1]

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1. MP. Mackinnon to J.M. Hall, 25th November 1857.

At the same time their incompetence made him feel obliged to help. The City Bank held about £4,000,000 in deposits and if it were not resuscitated he thought the Western Bank, which was also in a critical condition, would go down, and then he said there would

> "... be such widespread desolation throughout Scotland as will be remembered for generations to come, and it wont rest there but will reach in Liverpool, Manchester and London in such a way as to make the strongest tremble ..."[1]

Having decided that it was his duty to help the City Bank, Mackinnon spent most of November and December on its affairs, attending discussions of every kind. He went up to London with Salmond, the Bank's manager, to try to raise a loan of £500,000 from the Bank of England. They started by having an interview with the Chancellor of the Exchequer who passed them on to the Governor of the Bank of England, but Mackinnon was most disappointed with the response. He said:

> "... In this crisis the Bank of England's policy seems to be to put down the Scotch banks, and the Old Edinburgh Bank with the most contemptible feeling of rivalry and jealousy will not move to assist the City. Their wish evidently is to get the field to themselves ..."[2]

Faced with this attitude from the large institutions and with incompetence from the City Bank, Mackinnon was

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1. MP. Mackinnon to J.M. Hall, 25th November 1857.
2. Ibid.

sorely tempted to withdraw from the whole affair, but his sense of duty overcame his distaste for the business and he stayed on. Then, fortunately for his morale, and the fortunes of the Bank, the Directors accepted his suggestion that depositors should be asked to allow their deposits to remain on four months notice. A circular was sent out making this request and letters of agreement poured in. On the 8th December, a meeting of shareholders was held at which it was decided that the Bank should resume business. This was done on the last day of the month, and Mackinnon continued to be torn between getting more deeply involved and backing out altogether.

In March 1858 he said the Bank still had to overcome many difficulties before it could resume its former position, but with two or three exceptions he thought the Directors fell below the mark, and only one of the principal officials was fit for his position. Mackinnon remained greatly worried by the Bank's affairs after it re-opened and, in March, he almost sold his shares and severed his connections with it. However, he again felt obliged to give advice, and did not make the final breach. Business confidence in Glasgow's financing facilities had been seriously shaken by the stoppages of the previous year, and a great deal of mistrust remained, particularly towards the City Bank. In July 1858, he wrote from Glasgow:

> "... I have been much occupied since my return here with various matters, among others the City Bank. Of which at the General Meeting the other day I was made a director, an honour not of my seeking! There is much responsibility attached to it, and it will involve much labour and attention. However having had so much to do with it for the last 6 months I agreed to join the directors simply because I thought I could be useful to the Bank ..."[1]

He attended to the Bank's affairs fairly dutifully for about 3 years, but from 1861, the magnitude of his shipping enterprise was such that it engrossed most of his energies. Between October, 1861 and October 1863, he was only in Glasgow for about four months, and he was only there 3 or 4 months for each of the succeeding 3 years. In view of his preoccupation with the B.I. he asked, on a number of occasions during this period, to be relieved of his duties, but each time he was pressed to remain while they looked for a successor. In 1867, to show that he was really serious, he sold some of his shares in the Bank as a threat, because he would have been disqualified from being a director if he had sold all of them. This "shilly shallying" organisation still did not appoint a successor so he finally resigned on the 18th July, 1870. Four years later he ceased even to be a shareholder. This was not because he distrusted the City Bank, but because he had decided to sell all bank shares and invest his money

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1. MP. Mackinnon to J. Halliday, 9th July 1858.

elsewhere. The effect was to sever his connections with the Bank, but unfortunately he was not to hear the last of it.

The City of Glasgow Bank crashed irretrievably in 1878. On the 2nd October it closed, and on the 5th a preliminary report was submitted which showed that it had an apparent deficit of £6,190,893. This was a great shock to the shareholders, because the Bank had grown into a fairly large concern with 133 branches, and its stock before this final closure stood at £240 per £100 share. Moreover, in July 1878, the directors had declared a dividend of 12%, a reserve fund of £450,000 and profits of over £140,000. This however was clearly a misleading picture, and on the 19th October, the Manager, Secretary and Glasgow directors were arrested and accused of stealing £20,000.[1]

The collapse was not so unexpected in professional banking circles, however, because the Bank had been suspect ever since the temporary stoppage in 1857. Indeed it was lack of confidence from this quarter that precipitated the catastrophe.

> "... Early in 1878 bill brokers, suspicious of its soundness extracted an extra quarter or half of 1 per cent over the market rate in discounting its acceptances ..."[2]

1. Report of the Trial of the Directors, op.cit., pp. 3-4.
2. C.A. Malcolm; The Bank of Scotland, 1695-1945, Edinburgh, 1948, p. 133.

This was the last straw for the Bank, so it sought help from the other Scottish banks. These insisted on appointing an accountant to examine the books; and it was he who found the enormous deficit.

The particularly tragic aspect of the disaster was that, being an unlimited company, the shareholders had to meet the Bank's liabilities. The liquidators called for £2,750 for each £100 share, with the result that most of the shareholders were ruined[1].

A number of the directors of the bank were found guilty of fraud and sentenced to periods of imprisonment ranging from eight to eighteen months.

Mackinnon was of course in no way implicated in the criminal aspects of this affair, but at a meeting of shareholders on the 22nd of October, 1878, it was resolved that the affairs of the Bank should be wound up under voluntary liquidation. When Mackinnon's name was mentioned at this time, his friend, James Macalister Hall rather perceptively remarked that

> "... All this trouble to you doubtless arises from a feeling of envy that one who had so much to do with the Bank at one time should have got free and be a rich man ..."

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1. C.A. Malcolm; op.cit., p. 133.

Mackinnon became involved formally when the liquidators, nearly two years later, sued him on two counts.

First, for the recovery of £122,565, with 5% interest from October 1878. The liquidators maintained that this was the difference between what they realised on the securities and what had been advanced irresponsibly by the bank during Mackinnon's period of office as a director of the bank. Second, they claimed £311,666 which they alleged had been paid to shareholders as dividends during Mackinnon's directorship, on the grounds that this money was improperly paid out of the Bank's capital instead of its earned profits.

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The liquidators alleged that Mackinnon and the other directors had violated the terms of the bank's contract by authorising large advances, either without security, or without adequate security, with the result that the bank had suffered serious losses.

Mackinnon maintained, on the contrary, that when he resigned his directorship the bank had a large reserve fund, and enjoyed a sound and increasing business. He attributed its insolvency to the practice, which started after he resigned, of granting large unsecured advances.

Moreover he disputed the liquidators contention that the bank's reserves had been small. On the basis of the report which they themselves submitted in December 1880, it appeared that after paying all the creditors in full, there should have been a surplus. If the liquidators were experiencing difficulty in meeting demands, this was because they had realised the bank's securities hastily and without proper consideration.

The Racine and Mississippi Railroad Company, for which the advances were made, was established in 1852, to construct a railway from Racine, on Lake Michigan to Savanna on the Mississippi. By the Autumn of 1855, 68 miles had been built, as far as Beloit, and in order to complete the next portion to Freport the company issued mortgage bonds for $1,000 each, bearing interest at 8%. It was these bonds that Gemmel contracted to buy, and it was on their security that the Bank made its first advances, from the spring of 1856 till its temporary stoppage in November, 1857. In 1858, a firm of stock-brokers called Thomson & Watson sold its shares in the Racine to the Bank, and the following year Gemmel renounced his bonds in favour of the Bank, thus giving it a controlling interest in the railway project.

The liquidators argued that the Racine bonds held by the Bank were not worth half their nominal value at the time of the temporary stoppage in 1857. The question of valuing the bonds was highly controversial, but for the moment it must be noted that problems were not resolved by the Bank gaining a controlling interest. The liquidators were in fact able to point to a series of set-backs. In February 1858, the railway was in such embarrassed circumstances that it was unable to pay interest, and a few months later, under pressure from its creditors, it had to sell a large number of tools and rails which the Bank bought for £884.

Mackinnon admitted this, but pointed out that the Bank had given extensive credits, for which it held bonds of the Racine Co., before he became a director and before the stoppage in 1857. At the time he joined the board he thought the Racine bonds were unsaleable, but he claimed that the policy of the Bank thereafter led to an appreciation of their value. The purchase of the rails and tools had also been arranged before his directorship but he did not

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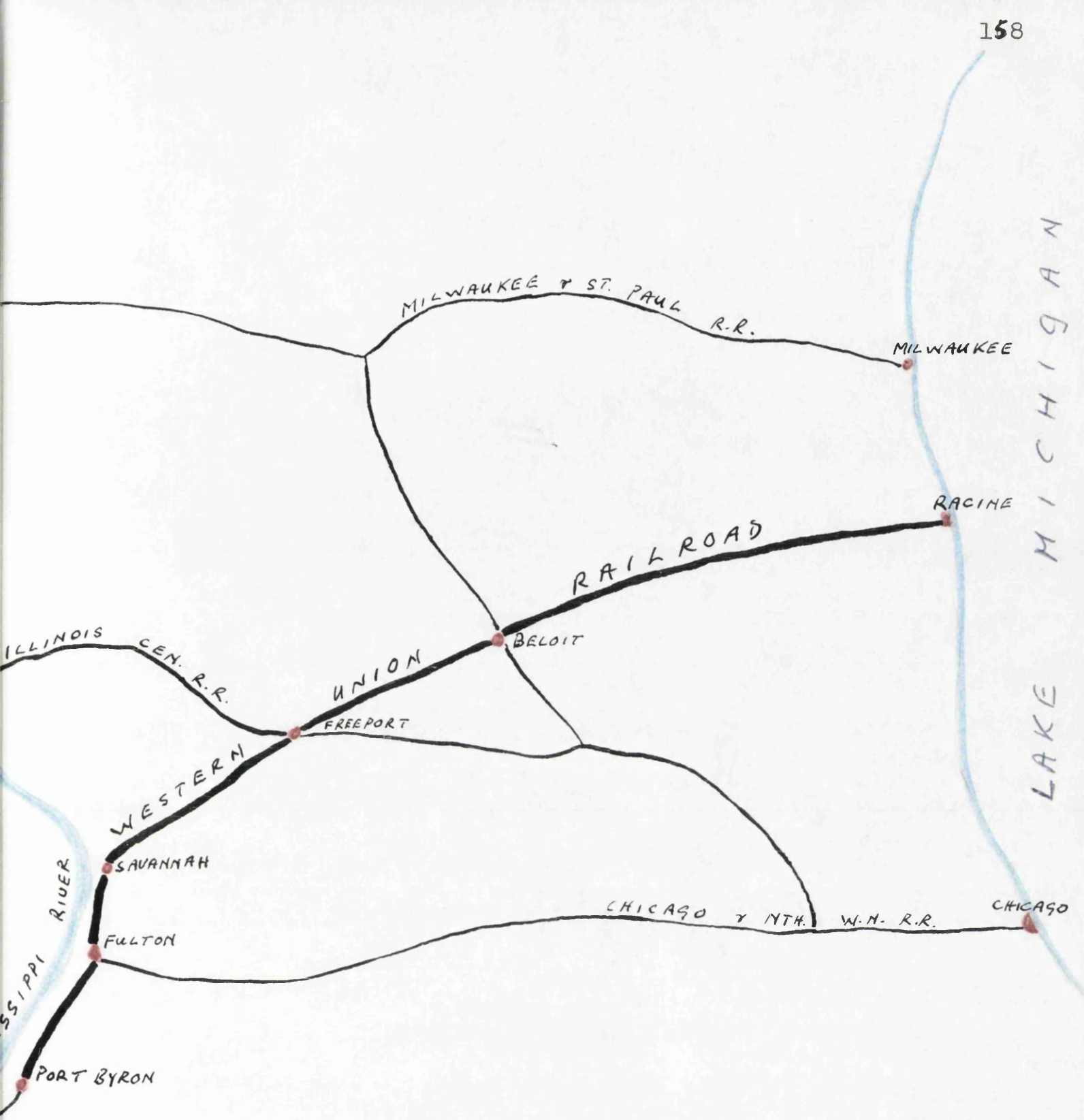
Most of the information for the rest of this chapter was obtained from the record of the proceedings in Court - e.g. "Note for the Liquidators of the City of Glasgow Bank against William Mackinnon". The "Proof for Parties" and the "Opinions of the Judges" concerning the Liquidators "Note". These are with the Mackinnon papers.


MILWAUKEE & ST. PAUL R.R.
MILWAUKEE
RACINE
LAKE MICHIGAN
RAILROAD
ILLINOIS CEN. R.R.
UNION
BELOIT
FREEPORT
WESTERN
SAVANNAH
SSISSIPPI RIVER
CHICAGO & NTH. W.N. R.R.
CHICAGO
FULTON
PORT BYRON

think the purchase unwise. On the contrary, he thought it necessary to ensure that work on the line continued. However, he felt that any complaints the liquidators had about these transactions were irrelevant because they occurred before he held any position of responsibility in the Bank.

Accepting this contention the liquidators pointed to subsequent difficulties caused by what they called mismanagement. In the spring of 1859, the eastern section of the line was surrendered to the Farmers Loan Trust Company to act as trustee for the bondholders. The idea was that the section should be redeemed 5 years after the line reached Freeport. At the request of the Bank, the Trust Company appointed George A. Thomson of the stockbroking firm, and two others to manage the line on behalf of the bondholders. In April 1859, the directors of the Bank, at a meeting attended by Mackinnon, resolved to spend $170,000 so that work on the line could continue.

Mackinnon admitted agreeing to this, but said that the Bank had already advanced £117,000 on the security of Racine bonds when he became a director. The Investigation Committee, which looked into the Bank's affairs at the time of the temporary stoppage in 1857, regarded the bonds as good security for the advances, but when Mackinnon joined

the Board, he thought they had no present or soon realisable value. Only part of the railway had been made; its equipment was poor; and, unfinished, it could not earn enough to cover its working expenses and pay interest on the bonds. The Bank was advised by reliable authorities in America that completion of the line as far as Freeport would open it up to traffic and make the bonds marketable. Mackinnon was very reluctant to agree to further advances when he became a director, but he was convinced that the alternative would have meant abandoning the advances already made, and sacrificing the Bank's bonds.

He also justified the handing over of the railway to the Farmers Loan and Trust Company. He said that the railway was potentially valuable. Given the kind of country through which it was passing, it would have a great deal of freight when completed. There were, however, two difficulties. First, the depression in America made it impossible to raise money there for the completion of the project. Second, the existing management was untrustworthy. In the circumstances he thought it was prudent to put the affairs of the railway into the hands of the Farmers Trust Company which he said, was "... of the highest position and influence ..." Far from having no securities, he maintained that the Bank's advances were a first charge on the railway.

The liquidators next alleged that the Bank poured good money after bad in 1860, by buying more railway bonds, but Mackinnon said that was done on the recommendation of the Bank's American advisers who thought it was desirable for the Bank to give protection to its earlier advances by securing greater control over the line. Mackinnon's counsel maintained that these additional bonds were bought very cheaply and realised at great profit in the ultimate sale.

However, further complications arose in 1860, when the railway was completed to Freeport. It was then expected to connect with the Illinois Central Railway, so that the Racine Company could dispense with the extension of its own line to the Mississippi. The Illinois Central Railway had agreed to an exchange of traffic between the two compahies at Freport, but when the Racine line actually reached Freeport it went back on this agreement. In this situation the Bank's American advisers said that although the Racine Company's bonds had greatly increased in value since the line reached Freeport, it was essential, if they were to be marketed profitably for the line to extend to the Mississippi. The Bank accepted this advice and agreed to advance up to $200,000 so that the work could be carried out by another company, the Northern Illinois Railway

Company, which had a charter authorising it to construct a line between Freeport and the Mississippi.

The liquidators again alleged that the advances were made without adequate security. Mackinnon was in India when these additional advances were agreed to in 1862, but he was satisfied that the Bank had proper securities. He said that in 1863, it got from the Northern Illinois Company, 485 first mortgage bonds of $1,000 each, bearing 8% interest, in respect of the advances up to that date, and they were exchanged in 1866, for 582, 7% bonds of the Western Union Railway Company. Mackinnon maintained that a large amount of interest was paid on them, and that they proved a valuable asset at the time of the final stoppage in 1878.

The Western Union Railroad Company was a new company created by Mr. Thomson out of the Racine and the Northern Illinois companies. The way in which the new company was financed, however, gave the liquidators grounds for complaint against Mackinnon because he and 5 other directors of the Bank agreed to provide £5,000 each for the purchase of more Racine bonds. The liquidators said, that the Bank opened accounts for each of these directors to enable them to make the purchase, and later improperly transferred the cost of the operation to its own debit account, thus

relieving the directors of liability and losing money for the Bank.

Mackinnon admitted that the Bank had opened accounts for the directors concerned, but this was because it had agreed to give credit for 80% of the cost. It got bonds for any credit it gave, and when it finally sold them it made a profit of between 60 and 80 per cent.

Mackinnon's firm of W. Mackinnon & Co., and Mr. J.N. Fleming provided money, in 1865, on their own account for the Northern Illinois Railway because the Bank declined to give any further advances. The grading of the extension of the line from Fulton to Port Byron was completed but it could not be opened for lack of rails, and Mackinnon and Fleming provided the funds necessary for the purchase of rails in return for Northern Illinois bonds which were later exchanged for those of the Western Union Company which was then being created. These bonds were transferred to the Bank in 1869, at cost price and with the interest and charges up to the time of transfer. In agreeing to this transaction Mackinnon maintained that he sacrificed a good deal of the profit which had already accrued, and which was in prospect, to facilitate a deal which the Bank was negotiating at the time.

In 1866, Thomson and others in America planned to construct a large store and grain elevator to handle the grain traffic at the Racine terminal of the newly created Western Union Railway Company. The idea was to provide storage capacity and facilities for loading steamboats on Lake Michigan. The liquidators alleged that the Bank, with Mackinnon's approval, irresponsibly advanced money for this project while Thomson was financially embarrassed, and as a result heavy losses were sustained when the shares had to be sold in 1879.

Mackinnon admitted that Thomson got into financial difficulty in 1867, because one of his principal associates withdrew from the scheme and thereby threatened to prevent it being completed. However, he justified the advance of $200,000 on four grounds. First, that storage and elevator facilities were available at Chicago and Milwaukie for other rail companies, so that it was essential for the Western Union to have similar facilities if it was to compete effectively. Second, the provision of these facilities would bring more business to the railroad and so enhance the value of its bonds to the benefit of the Bank, which was the chief shareholder. Third, the project had progressed considerably entirely at the risk of Thomson and his associates before the Bank made any advance, so it

was helping to complete what promised to be a sound enterprise, and the securities which included a lien over the elevator, were good. Finally, Mackinnon claimed that the project, which came to be known as the Racine Warehouse and Dock Company, earned a net income of between $13,000 and $14,000 from 1870 to 1877. He thought this fully justified the confidence which the Bank had shown in making the advance, and he attributed th loss on the final sale to the incompetence of the liquidators.

In 1869, a meeting of bond and stock holders of the railway company was held in Glasgow at which it was decided to establish a small Committee of Supervision to provide a direct means of communication between the managers in America and interested parties in Britain. The three men who comprised the Committee were each in some way associated with Mackinnon. John Fleming had joined him in providing credit for the Northern Illinois Railroad when the Bank had declined to do so in 1865. James Macdonald was manager of the General Credit and Discount Company of which Mackinnon was a director, and the third member was J.M. Hall, Mackinnon's great friend from the B.I.

The Committee's main task was to sell some of the interests in the railroad on behalf of the Bank and other shareholders. As will be explained more fully later, after

lengthy negotiations half of the Bank's holding of common stock was sold in 1869, to Alexander Mitchell, who was an American banker, President of the Milwaukie and St. Paul Railroad Company and a director of the Chicago and North Western Railroad Company. Mitchell enhanced the value of the Racine, particularly, by constructing a line to join it with the Milwaukie and St. Paul lines and by building a road running westwards from the western side of the Mississippi, which improved access to the rapidly developing state of Iowa. The amount which Mitchell paid was accepted not because it was considered the proper value, but because a sale of half of the stock to him and his associates secured their active cooperation thereby raising the value of the stock retained by the Bank.

A basic argument of the liquidators, however, was that this policy did not lead to a satisfactory appreciation of the securities held by the Bank. They claimed that in July 1879, they were worth £579,328, and that they were never worth more at any time between then and the end of Mackinnon's directorship in 1870. Mackinnon on the other hand thought they were worth a lot more than the liquidators alleged, but he maintained that he could not be held responsible for any losses sued for in the first action because:

1. The liquidators sold the securities without reference to him. Had he been notified, he would have been prepared, though not bound, to take over the securities held by the Bank and to pay the advances and interest on them. With the rapid increase of population in the area between Lake Michigan and the Mississippi, and the growth in the grain trade Mackinnon was sure that they could have been sold more profitably, had the liquidators awaited a more favourable opportunity or sought his advice.

2. The Bank had confirmed and adopted the policies complained of by the liquidators, and Mackinnon's part in formulating them had not been challenged within a reasonable time.

3. Mackinnon's policy had been to protect the substantial investments in America which were made before he became a director. This policy enjoyed the support of the majority of shareholders so the action against him was misconceived.

4. The claim for £122,565.2.8 could not be insisted upon pending a settlement of the other action against him.

This latter point appears to have been conceded, because the next move on the part of the liquidators was on the 13th November 1880, when they sued in the First Division Court of Session for recovery of £311,666.16.9. The liquidators did not resume the claim for £122,565 because it became evident during the proceedings in the second action that they would not succeed. The Lord President of the court stating his opinion in the second case made it clear that in his view the Bank's investment policy during Mackinnon's directorship had improved the value of its holdings in America, and not otherwise. In

1870, when Mackinnon resigned as a director the nominal value of the securities in the railway projects was £974,000, for a debt comprising principal and interest of £905,000. His Lordship's impression of the real value of these securities was that

> "... after many years of anxious and careful treatment of the investments of this portion of the Bank's funds, the directors had got it into comparatively smooth water, and were possessed of a property or investment of a sound description.
>
> Certainly this impression is very strongly confirmed by the undoubted fact, that in 1870 the investment began to pay interest, and continued to do so down to the stoppage of the Bank in 1878. The average of the interest varied from time to time, but the average of the eight years was 4% ..."[1]

Later in the same proceedings another judge, Lord Deas, argued that the policy of making further advances to the Racine Railway Co., which Mackinnon advised when he joined the Bank, was sound. He said, that when Mackinnon became a director in 1858, the Bank was limited to choosing between two courses of action. It could either try to make the railway a paying concern, or it could call another meeting of the shareholders and recommend winding up the Bank's affairs. The latter course could hardly commend itself to Mackinnon or the other directors because it was only 7 months since the shareholders had resolved, after the stoppage in 1857, that the bank should continue.

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1. MP. "Opinions of the Judges."

Further advances had been made since the date of the resolution and that of Mackinnon's appointment, so it was most unlikely that the shareholders would agree to the winding up of the bank and thereby suffer greater losses in 1858, than they had been willing to suffer 7 months earlier. The judge in effect thought that the resolution of December 1857, still held good in July 1858, when Mackinnon became a director, and that it provided a mandate for the policy of granting further advances and trying to make the railway a paying concern. Another judge, Lord Mure, approved Mackinnon's action even more explicitly and said:

> "... the loss on realisation arose from no fault of the part of the Respondent. It has arisen under a liquidation rendered necessary by the culpable and reckless, and in some respects criminal mismanagement of the Bank, begun after the Respondent had ceased to be a director; and a careful examination of the evidence bearing on this part of the case, has left a strong impression on my mind that if the realisation had not been forced on by one of the greatest monetary catastrophes that ever occurred, no loss would have been sustained. And I think there are pretty strong grounds for holding, that if the realisation had to be made now, there would not only be no loss, but a considerable profit in the result ..."[1]

Faced with such opinions from the bench it would have been fruitless for the liquidators to pursue their claim for £122,565, which basically rested on the allegation

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1. MP. Opinions of the Judges.

that Mackinnon had been responsible for making unjustified and unsound advances.

* * * *

The second case was argued very much more on points of law and accounting procedure. Why was Mackinnon alone sued? Who were the liquidators acting for? Is there a time limit within which such actions must be brought? How are dividends paid in practice, and so on.

This second action was brought on the grounds that while Article 45 of the Bank's contract required dividends to be paid out of net profits, Mackinnon and the other directors had wilfully misapplied funds by paying them out of capital. Direct loss of funds was not alleged. This distinguishes it from the other case in which the liquidators said that when Mackinnon retired as a director large sums had been advanced on the American railway projects in such an irresponsible way that money was lost when they were obliged to sell shares.

However influential he may have been as a director, Mackinnon felt that any major policy decisions taken while he was on the board of the bank were collective ones. But when he asked why they were suing him only, instead of taking the more obvious course of including all the directors, the

liquidators said they were entitled to because they were alleging dereliction of duty and not the breach of a formal contract. In strictly legal terms this seems to have been a tenable argument (at least one of the judges thought so) but the liquidators were negatively claiming a right to sue only one director; they did not positively state why they were doing so. One assumes that Mackinnon was the only former director in a position to pay over £300,000, but the absence of a satisfactory explanation of this issue did not enhance the liquidators case. It also introduced an unpleasant personal flavour into the proceedings which was upsetting for Mackinnon. Early in 1881, he wrote to his friend Richard Irvin, who as head of the firm of Richard Irvin & Co. had been the Bank's chief financial adviser in America, saying:

> "... I feel as if the attempt to ruin me is a dishonest attempt, intended to extort money from me by the threat of a protracted lawsuit ...[1]
>
> I feel my enemies the liquidators and those acting with them are bitter and malicious in their action and that trully without cause. They have given me much work and worry and seem relentless ..."[2]

Almost as distressed as Mackinnon was his old friend James Macalister Hall, who at the beginning of 1881, said:

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1. MP. Mackinnon to Richard Irvin, 15th January 1881.

2. MP. Mackinnon to Richard Irvin, 16th February 1881.

> "... I have not been writing you lately because I could be of no use to you and I dreaded to worry you with my letters ... You have been as much in my thoughts as ever all the same, and I have not ceased to remember you to Him who directs the path of all those who to Him Commit their ways ..."[1]

The true extent of Mackinnon's liability was made even more indeterminate on the liquidators showing because they still had some unsold securities. Until these were sold the amount of money available to the liquidators could not be known, nor, therefore, could it be known what shortfall, if any, would have to be made up by Mackinnon in the final analysis if their claim succeeded.

Mackinnon felt that in the circumstances the liquidators were, as he told Irvin, trying to extort money from him by the threat of protracted legal action. He thought they were acting in pursuit of this policy, and being vexatious in bringing two cases against him; leaving the extent of his liability vague and implying that he might become involved in litigation with shareholders. He considered that the first action embraced any reasonable claim that the liquidators might have and that the second was irrelevant.

Another aspect of the whole affair which added to Mackinnon's sense of grievance was that so much time had been allowed to elapse. How could the liquidators justify

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1. MP. Hall to Mackinnon, 1st January 1881.

instituting proceedings against him ten years after he had ceased to be a director of the bank, and six years after he had severed all connections with it?

The court did not lay down a period within which such actions should be brought, but Lord Shand, in his "Opinion", stated that proceedings should normally be instituted within a year, or within two years in exceptional circumstances. This would enable a respondent to preserve rights of relief, or the right to demand repayment of dividends from anyone liable to do so. There was certainly widespread agreement that it was unfair to start proceedings after such a lapse of time, to judge from the contemporary press reports, but Mackinnon also challenged the case against him in broad terms by arguing that the distinction between capital and interest was not so sharp as the liquidators asserted.

Accepting this point, the court said that in order to convict Mackinnon of paying dividends out of capital the liquidators would have to prove that:

a) he knew interest on the railway investment though due was not being paid;

b) it was credited to the profit and loss account and divided as profit;

c) he did not have reasonable grounds for believing that the interest was well secured and would ultimately be recovered.

Mackinnon, as a director of the Bank relied on the Bank's advisers in America for information about the state of the market and the progress of the railway. The principal advisers were Messrs. Irvin of New York (Richard Irvin, the head of it became a personal friend of Mackinnon's) and Mr. Thomson who managed the railway. Irvin & Co. was a firm with a very high reputation and wide experience. Thomson was inclined to be too sanguine, but he was energetic, competent and honest.

James Macalister Hall, who visited the United States on behalf of the Bank with Mr. Dunlop[1] in 1866, took a more pessimistic view of the railway venture than Mackinnon did. However, Leresche[2], who went out later thought that the prospects were good, and in his "opinion" on this issue Lord Shand said:

> "... it is I think clear from the contemporaneous correspondence and documents that there never was a time when the parties either in America or in this country were led seriously to doubt that the Bank was fully secured. That circumstance is decisive of the present question. That Mackinnon had reasonable grounds for his opinion and belief, is proved by the fact that he had the assurances of so many others on whose opinions he relied, who knew the district and the railways thoroughly, that the property was most valuable and improving ..."[3]

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1. Mr. C. Dunlop was a former director of the bank.

2. Leresche later became Secretary of the bank.

3. MP. Lord Shand in the "Opinions of the Judges".

Another point which must be made is that the problem of valuing the shares of the Racine Railway was very much more a matter of judgement than is normally the case because for most of the period of Mackinnon's directorship of the Bank, the line was under construction. While it was being built the value of the shares depended on the potential success of the enterprise. It was only expected to be highly profitable once it was completed to join the Mississippi with the Great Lakes. It is most unlikely that Mackinnon would have agreed to finance the project in the first instance, but as the Bank had already advanced £117,000 when he became a director he thought that the money could best be recovered by finishing the line and making it viable. The value to be placed on the securities which the Bank continued to buy during Mackinnon's directorship, however, depended for most of the time on an assessment of how profitable the scheme would be when completed.

There was, nevertheless, a very unusual feature of the financial arrangements which Mackinnon had to explain. During the 12 years of his directorship, the Bank only received in cash about 1½% of the interest from its investment in the American railways. The balance of £311,666 was held in the form of securities in America. This of course was the basis for the liquidators second claim. They maintained that the securities were not worth this amount, that they did not really

represent interest and that consequently the Bank had improperly paid dividends out of capital. The distinction between capital and interest was not so clear-cut as the liquidators implied, and the difficulty of assessing the value of the securities has already been discussed, but Mackinnon had to explain why only about 1½% of earned interest was received as cash over so long a period, and he gave two reasons

First, for most of the period concerned, and particularl from 1862 to 1870, the exchange rate was such that the Bank would have sustained a considerable loss if it had transferred money from America to Britain. The Civil War, and its aftermath, greatly depreciated the value of the American dollar so that it virtually never reached the par rate of $5 to the £. Instead, during this period the rate ran at 6, 7 or 8 to the £, and even reached 10½ to the £ in December, 1864.

The second reason, closely associated with the first, was that the Bank found it extremely difficult during this period to sell its American railway shares satisfactorily. The Bank received offers on a number of occasions from which it could have recovered capital and interest with profit in dollar terms. ... The Chicago and North Western Railroad Co. offered to purchase in 1863, 1864 and 1867; offers were made particularly after the creation of the Western Union Railroad and a number of times after the line reached

Savanna, on the Mississippi. However, the difficulty always was that the profits in dollars would have been converted into a loss in pounds by the unfavourable exchange rate. Giving evidence on this point, Mackinnon said:

> "... If the Bank had realised their interest in 1867 or any of the subsequent years, I should have recommended the money to be left in America and invested there ..."

His idea was to invest the funds in America till the exchange rate returned to par, when they could have been transferred to Britain without loss on the exchange. Although he agreed to the Bank providing additional credit for the railway undertaking, he only did so to ensure its completion. In fact he thought the Bank held too many railway securities and on at least two occasions serious efforts were made to try to sell some of them, very largely on his initiative. The extent of his involvement and interest in the ensuing negotiations which took place, particularly in 1866 and 1869, is partly reflected in the following table of his attendance at Board meetings of the Bank:

In 1866	25 meetings
In 1867	8 meetings
In 1868	1 meeting
In 1869	11 meetings
In 1870	5 meetings.

His initiative in 1866 was mainly prompted by the widespread commercial crisis which afflicted Britain as well as America. In view of the charges which were levelled against Mackinnon it is worth noting here that in 1867, following the severe crisis, he recommended that the unpaid interest should no longer be placed to the credit of the profit and loss account to appear as part of the profit for dividend. This recommendation was rejected, but as he considered the question to be a matter of opinion, rather than principle, he accepted the decision of the majority of directors while continuing to voice his objections periodically till he finally resigned in 1870.

In the meantime the other directors did accept the proposal that James Macalister Hall and Henry Dunlop should visit America on their behalf. Hall said

> "... I understood that Mr. Dunlop and I were sent out to America in order to accomplish the conversion into money of the Bank's interest in the railway stock. I understood from the directors that they had been trying to market their securities but had not been successful ..."[1]

Hall and Dunlop were not authorised to conclude a deal, but merely to negotiate with interested parties and notify the Bank. Reporting to Mackinnon about the visit, Richard Irvin said:

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1. MP. Part of Hall's evidence during proceedings.

> "... You could not have sent representatives more entirely acceptable personally, nor more correct and judicious in their endeavours ... but ... the times have been unpropitious, and circumstances extremely perplexing and vexatious have arisen during their efforts, so that they have laboured under serious and depressing disadvantages. These, however, have been far from discouraging them, and they carry home an offer for the property which we all think quite below the value, being not one half, and that too on credit, of what it could be credited for, but it is for the friends interested on your side to say whether they prefer to accept it, or take the chances of another season ..."[1]

Hall recommended that the offer which they brought back should be accepted, but Mackinnon and the other directors of the Bank thought it not sufficiently attractive. The effort had thus been fruitless, but within 18 months Mackinnon had begun arrangements to send Mr. Leresche out.

Leresche was engaged in a small business in London, when through Mackinnon's influence he was appointed Secretary of the London Committee of Shareholders of the Western Union Railroad Company. He later became Secretary of the Bank, but in the meantime, as Secretary of the Committee, he learned about the American investments and was sent there for about three months from July, 1868. His terms of reference were similar to those given to Hall and Dunlop, and his visit was important for two reasons. He supported Mackinnon's view that the railway enterprise would be a success in the long run, and he began the negotiations with Mr. Mitchell who

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1. MP. Richard Irvin to Mackinnon from New York, 14th January 1867.

bought a substantial number of the Bank's shares in the railway the following year. Leresche's assessment of the situation was perceptive and interesting because it was similar to Mackinnon's. He said:

> "... I thought it a sound, solid, and developing property; it was running through one of the richest parts of the western States. I thought there were resources still to be developed. I thought the line had been built ten years too soon. Of course the custom in the States is different from ours; in this country we wait till a town is fully peopled before supplying a railway, while there they build a railroad accross the prairie and take people to the place ..."[1]

Mr. Mitchell, with whom the Bank finally reached an agreement, was a prosperous business-man with great experience of railway management. Mackinnon played a vital part in the negotiations, and he was particularly requested by Richard Irvin, and others, not to resign till negotiations were concluded. The most significant feature of the agreement was that Mitchell paid $325,000 for stock in the enterprise, and Mackinnon said:

> "... The importance which I attached to the Mitchell agreements was this, that we were getting a man into the management who had enormous facilities for controlling railway traffic. He took two million of stock, and the moment he went in he gave life and vitality to the whole thing ..."[2]

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1. MP. Part of evidence given by Leresche in "Proof for Parties".

2. MP. Part of evidence given by Mackinnon in "Proof for Parties".

Here it is worth summarising what was achieved in respect of the railway project while Mackinnon was a director of the Bank. When he joined the Board in 1858, the Bank had advanced £117,000; 80 miles of railway had been completed and the line was unprofitable. When he resigned in 1870, the Bank's stake in the enterprise amounted to £905,000 (including the unpaid and accumulated interest); the line was 180 miles long and a paying concern. Interest was paid on the bonds at 3% for three years from 1870, at 7% from 1873, and from 1873 to 1878 the Bank received an average of £40,000 a year as interest[1].

In the view of the Court, the profitability of the railway after the conclusion of the Mitchell agreements disposed of the liquidator's general indictment of Mackinnon's policy. In fact his idea of recouping the original outlay by advancing enough additional money to complete the line and make it a viable enterprise paid off. If the Bank had not failed there is every reason to believe that it would have continued to receive a substantial amount of revenue from the line.

The liquidators thus failed to establish their general proposition and the Courts reasons for rejecting their claim can be stated briefly:

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1. MP. Lord Mure in the "Opinions of the Judges".

1. It had not been established that Mackinnon had been a party to any proceeding which could fairly be described as paying dividend out of capital.
2. At the stage which the liquidation had reached, the liquidators had no title or legitimate interest to maintain the claim.
3. The claim was barred by the lapse of time combined with the action of the managers and directors of the Bank between 1870 and 1878, and by that of the liquidators in disposing of the railway securities without reference to Mackinnon.

These were the formal reasons given by the Lord Presiden but he also had objections to the liquidators' case because they were obviously claiming more than they could justly dispose of. They failed to give an adequate explanation of how they could fairly dispose of the money if they succeeded in their claim.

The Court came to its conclusion unanimously and without difficulty, and judgement was given on the 23rd December, 1881. It was an immense relief to Mackinnon who had lived in the shadow of litigation for 18 months. His counsel said the cases had involved as much inquiry and work as twenty ordinary ones, and Mackinnon had had an anxious and exhausting time furnishing material for his own defence while also running his multifarious enterprises.

The liquidators emerged rather badly from the proceedings. It was widely thought that they had been unfair in suing Mackinnon alone, particularly so long after

he had left the Bank. More materially it cost them over £20,000, and they failed early in 1882, in their efforts to appeal to the House of Lords.

For Mackinnon on the other hand the judgement brought not only relief, but considerable credit as is shown by the following comments made by the judges while summing up and delivering their "Opinions".

Lord President: "... It does not appear that he (Mackinnon) ever made use of his knowledge or influence as a director to procure any pecuniary or other advantage to himself ... During his tenure of office it appears that he gave more of his time and attention to the Bank's affairs than could well be expected from a man engaged in extensive mercantile transactions on his own account ..."

Lord Deas: "... In conclusion, I must observe that whatever opinions may be formed as to the legal questions involved in this case, it is a great comfort to find that there is no trace throughout of any interested or selfish motive on the part of Mackinnon, in what he did or concurred in doing. He never made the Bank in any way a convenience to himself or his friends, as we know to have been done by other directors at a later period of the Bank's history ..."

Lord Mure, referring to Mackinnon's evidence said: "... and I may observe that I never read evidence given apparently in a more fair and full and frank manner, carrying truthfulness on the face of it ..."

These remarks were particularly welcome to Mackinnon because many of his friends, including Sir Bartle Frere and Sir Lewis Pelly, were in the Court. The decision, however,

was not only popular with his friends. When he returned home to Balinakill after the case, he received a tumultuous welcome from the villagers of Clachan who pulled his carriage up the avenue while the horses walked free.[1] Also the press which reported the decision extensively, did so in favourable terms. The following conclusion to a full two column report which appeared in "The Standard" is typical of what appeared in other papers at the time:

> "The main importance of the decision to the public is that it has been authoratitively pronounced that an honest and conscientious Director cannot be made amenable for the faults of his colleagues and successors, and that a shareholder who has sold out whilst a Company is presumably solvent, as Mackinnon did, is released from the terrible responsibility of unlimited liability. This is not only law, but common justice."[2]

While the affairs of the City Bank were deteriorating and moving towards the dramatic collapse of 1878, the situation in East Africa was becoming more complicated, and the story of Mackinnon's involvement there must be resumed.

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1. M. Macdougall, op.cit.
2. The Standard, 24th December 1881.

V. THE MACKINNON CONCESSION

When Seyyid Said died in 1856 he was succeeded at Zanzibar by his third surviving son Majid, and at Muscat by his eldest son Thwain. Thwain was dissatisfied with this arrangement largely because the revenues of Zanzibar were about twice as great as those of Muscat and also because Zanzibar had become much the most important of the two places. He maintained that only the Omani people had the right to separate East Africa from Oman, so that Seyyid had acted illegally in dividing his realm. Thwain also claimed that a payment which Majid had made to him was in recognition of the paramountcy of Muscat over Zanzibar. However he did not confine himself to quasi-constitutional argument. In March 1859 he set sail from Muscat with a number of ships intending to capture Zanzibar, and he might well have succeeded had he not been ordered back by a British naval vessel which had been sent by the Government of Bombay to intercept his move.

Later in the same year the British again intervened to save Majid. On this occasion the British Consul at Zanzibar, Rigby, with the help of Royal Navy personnel put down an attempted insurrection at Zanzibar led by Seyyid Barghash, a younger brother of Majid's. When Barghash surrended he signed a promise to leave Zanzibar and not to listen in future to the advice of the French or the El-Harthi - a

tribe which had been chronically recalcitrant even during the reign of Seyyid Said - but would only heed the views of the British Government. The French, anxious to dislodge the British from their influential position in East Africa had backed Thwain and Barghash. However the threat offered by Barghash was removed when he left Zanzibar, while that from Thwain was frustrated by the intervention of the Royal Navy and by British arbitration in the dispute between him and Majid. The arbitration recommendations for settling the dispute were approved by the Government of India early in 1861, and embodied in decisions known as the Canning Award, after Lord Canning who was then Governor-General of India. The most important of these, firstly, confirmed Seyyid Majid in independent sovereignty over Zanzibar and its African territories and, secondly, provided that he should pay 40,000 Crowns a year to Thwain as consideration for the concessions made by Thwain.

From Mackinnon's point of view the important brother was Seyyid Barghash who acceded in 1870 and lived till 1888. It may seem surprising that the British who were largely responsible for getting Barghash expelled from Zanzibar, should have welcomed him as the new ruler about ten years later, but there were two reasons for this. First, the British officials at Zanzibar, notably Kirk and Churchill

(who was Consul at the time) had come to the conclusion that Barghash was the ablest as well as the obvious candidate to accede following the death of Majid in 1870. Second, Barghash had come to realise that British rather than French power was decisive in East Africa at that time, so he had turned very much more pro-British than he had been 10 years earlier. The value of Britain's goodwill was underlined early in October 1870, when Majid died, by the arrival of a British naval vessel at Zanzibar and also by the news of the crushing defeat of the French army by the Germans at the battle of Sedan a month earlier.

Barghash was very reluctant to assist in the campaign against the slave trade but probably realised that his position depended on British goodwill, so he gave the impression that he would provide at least as much help as his predecessor. Kirk, who succeeded the ailing Churchill as Consul at the end of 1870, soon established good relations with Barghash, but found him quite untrustworthy and "utterly devoid of principle or honour".[1] However the only serious alternative to Barghash was Seyyid Turki, who had acceded at Muscat, but he seemed unlikely to be any better, so in August 1871 Barghash was recognised as Sultan of Zanzibar. Sultan Barghash was thus the most important local potentate with whom Mackinnon had to negotiate during the first 10 years of his enterprise in East Africa.

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1. Coupland, Exploitation, p. 100.

It will be recollected that Mackinnon had secured a 10 year contract in 1872, to run a regular service every 4 weeks between Aden and Zanzibar in return for an annual subsidy of £10,000. Trade had grown following the introduction of this service but not to the extent expected, so after 3 or 4 years the disappointed parties, including Mackinnon and the British officials at Zanzibar, came to the conclusion that commerce would only flow adequately if the interior were "opened up". The similarity between the idea of opening up Africa in the 1870's and of opening up India a generation earlier has already been noted. It now remains to consider the factors which influenced the implementation of the idea in Africa - the achievements of the explorers,[1] political developments in Europe and Egypt, and the views of people in Zanzibar, notably Kirk and Barghash.

* * * *

The most important of the explorers was David Livingstone, not only because his journey across Africa from Luanda on the Atlantic to Quilimane on the Indian Ocean furnished valuable information, but perhaps even more because his exploits aroused interest in Britain for African affairs. The British public had been ignorant about Africa and uninterested, but his astonishing triumph stirred people's imaginations and gave new impetus to the humanitarian and

1. Coupland, Exploitation, pp. 102-133.

anti-slavery movements, and in 1857 the British Government provided him with £5000 with which to equip an expedition for the exploration of the Zambesi. From the point of view of Mackinnon's future enterprise these developments were particularly significant for two reasons. First, Livingstone was a great advocate of the idea that the promotion of legitimate trade was the best way of ending the slave trade. This was not a novel notion but being expounded by a man of Livingstone's stature and experience it profoundly influenced Mackinnon and his contemporaries. Second, the expedition which set out in 1858 included John Kirk as Medical Officer and Botanist. The knowledge which Kirk gained of the interior, and in particular of the Zambesi and Shire valleys, was to prove very useful when he became an official in Zanzibar, and advised Mackinnon about road-building and other schemes. Mackinnon became a fellow of the Royal Geographical Society in 1865, but surprisingly there is no evidence to show that he took any active interest in the exploration of East Africa until the early 1870's when the B.I. won a contract to run a subsidised line to Zanzibar.

In the year that Livingstone completed his crossing to Quilimane Captain Richard Burton, of the Indian Army, and Lieutenant John Speke arrived in Zanzibar to lead an expedition to explore the "Sea of Ujiji". They reached

this "Sea", which was later named Lake Tanganyika, in February 1858, and in August, while Burton was laid up with Malaria, Speke saw another huge lake which he called Victoria Nyanza. He suspected that it was the source of the Nile but was not able to confirm this till 4 years later when, on a second expedition with a fellow officer, A.J. Grant, he found the place where the river flows out of the lake.

The British expeditions were preceded and followed by German ones, and for some years from 1859 there were a series of German explorers in East Africa: Albrecht Roscher, Baron von der Decken and others[1]. By 1862 the main features of the geography of East Africa were known and with the death of Livingstone in 1873 the great period of exploration there ended

The men who put the principal physical features of the area on the map were not concerned exclusively with geographical exploration in the limited sense of the word. They were also interested in the economic potential of the interior. Livingstone reported on the existence of gold and copper deposits and considered the suitability of some areas for cotton growing, while Burton noted the main items of trade during his travels and devoted 32 pages of appendix in his book, The Lake Regions of Central Africa[2], to information about commerce, imports and exports. He said:

1. Coupland, Exploitation, p. 109.

2. R.F. Burton, The Lake Regions of Central Africa. A Picture of Exploration, London, 1860.

> "... The subject of exports will be treated at some length; it is not only interesting from its intrinsic value, but it is capable of considerable development, and it also offers a ready entrance for civilisation ... Hitherto British interests have been neglected in this portion of the African continent and the name of England is unknown in the interior. Upon the island of Zanzibar in 1857-8, there was not an English firm; no line of steamers connected it with India or the Cape, and, during the dead season, nine months have elapsed before the answer to a letter has been received from home ..."

The main articles for export which he listed (ivory, copal, hippopotomas teeth, rhinocerous horns, cattle, skins, hides and horns) were not very exciting but the general tenor of his reports clearly called for a policy which would improve communications in the interior, and between East Africa and other parts of the world, particularly India and Britain.

Speke's expedition of 1859 was encouraged by the Government of Bombay which hoped that the exploration of East Africa would lead to an expansion of its trade with the area. In fact Speke did not relate much about the economic potential of the parts which he explored, but his description of the primitive and barbarous conditions and of the degrading slave trade must have stirred those who felt that there was a duty to bring civilisation to Africa[1].

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1. J.H. Speke; The Source of the Nile, Edinburgh, 1863.

There was no quick or important commercial expansion following these expeditions largely because communications remained so primitive and because the depredations of the slave trade were so disruptive socially. However, by the middle of the 1870's an important sector of British public opinion was ready for an attempt at opening up East Africa. H.M. Stanley who set out in 1874 to explore the area of the great lakes and the source of the Nile stimulated speculation even further by reporting encouragingly about the potential wealth of Uganda. He said:

> "... The productions of the land are of great variety, and, if brought within reach of Europeans, would find a ready market - ivory, coffee, gums, resins, myrrh, lion, leopard, otter and goat skins, ox-hides, snow white monkey skins and bark cloth besides fine cattle, sheep, and goats. Among the chief vegetable productions are the papaw, banana, plantain, yams, sweet potatoes, peas, several kinds of beans, melons, cucumbers, vegetable marrow, manioc and tomatoes. Of grains there are to be found in the neighbourhood of the capital, wheat, rice, maize, sesamum, millets and vetches.
>
> The soil of the lake coast region from the extremity of Usoga to the Alexandra Nile is of inexhaustible fertility ..."[1]

Mackinnon would have been particularly interested in Stanley's reports because the European members of Stanley's expedition, plus boats, dogs and general property were shipped out to Zanzibar in 1874, at half price by arrangement with the P. & O. and the B.I.

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1. H.M. Stanley: Through the dark continent, London, 1878, p. 401.

The growing keenness to open up East Africa was also encouraged by the quickening tempo of political developments, while Mackinnon, who had established his shipping interests in the area was, by temperament and background, very receptive to ideas for tapping the resources of the continent. His experience in India made him confident that the improvement of communications from the interior to the coast would bring a great expansion in trade. At the same time he had been persuaded by the ideas of Livingstone, Fowell-Buxton and others to believe that the promotion of legitimate commerce was the best way of ending the slave trade. The immediate political changes which accelerated the formulation of practical plans for the opening up of East Africa stemmed from Egypt.

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Since Mahammad Ali had launched an invasion from Egypt in 1819, and annexed the northern part of the Sudan, Egyptian authority had been exercised as far south as Gondokoro. Her influence in the area was weak but her businessmen and traders earned large profits from the commerce in ivory and slaves, and British diplomatic pressure for her to end the slave trade was quite unavailing until Ismail, Muhammad Ali's third son, became Khedive in 1863. Ismail was anxious to extend Egyptian rule south of Gondokoro, to gain greater control

over the ivory trade, to exploit the natural resources of the area, and to promote legitimate commerce, but at the same time he seemed prepared to try to end the slave trade. In 1869 he invited Sir Samuel Baker, who had discovered the second source of the Nile in Lake Albert, to become "Governor-General of the Equatorial Nile basin". Baker, who accepted the appointment for 4 years, was charged with carrying out Ismail's economic policy as already outlined, and also with establishing a series of military outposts and opening the huge lakes to navigation. He completed his period of service but was unable to fulfil his mission. Even his success in closing the upper Nile as a route for the slave trade was of limited value because an alternative route was opened across the desert.

Ismail however did not despair, and in 1873 he appointed Colonel Charles George Gordon, who had acquired a considerable reputation in China, to be Baker's successor with the rank of general, and with similar terms of reference.[1] Gordon later became slightly concerned with Mackinnon's schemes, and certain aspects of his policy in the Sudan had repercussions in East Africa so they are worth mentioning.

Gordon believed in Ismail's sincerity and was eager to carry out his mission because he was horrified by the slave trade and convinced that legitimate commerce was the

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1. R. Gray, A History of the Southern Sudan, 1839-1889, Oxford, 1961, pp. 86-119.

best weapon against it. He first set himself the task of advancing southwards towards the great lakes and establishing military outposts at intervals along the route. However, the difficulty of maintaining commuhications, with Cairo as a base over 2,000 miles away, was so great that he came to the conclusion that his administration would be much easier if he could secure access to the sea along the coast of East Africa, less than 500 miles distant. This idea certainly had merit, and the railway from Mombasa which reached Lake Victoria in 1902, was to prove the best overland route to Uganda.

In the meantime Gordon's suggestion, made to Ismail in January 1875, was that a force of 150 men should be sent to establish a station in Formosa Bay and then to push inland towards Mutesa. He recommended that Captain McKillop, who was already working for the Khedive, on secondment from the Royal Navy, should be in command of the force.[1] The execution of the plan however was poor. In the first place, Formosa Bay is only about 250 miles north of Zanzibar island, so it was well within the area claimed by the Sultan of Zanzibar, but Gordon had not troubled to find this out before proposing his scheme. Secondly, by the time the Khedive replied in November, Gordon had decided not to try to reach the sea himself. He said:

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1. Coupland, Exploitation, p. 275.

> "... I have quite given up any idea of going to the sea with these troops ... He [the Khedive] sent off McKillop and Long to Juba and told them to wait for me. They will wait a long time I expect. I am not going to try this with the undisciplined wretched troops I have here; and, though he knows it, he does nothing to help me ..."[1]

Gordon was annoyed with the Khedive for saying he would send the force to the mouth of the Juba, instead of further south to the mouth of the Tana river or some suitable place in Formosa Bay. But the Khedive was anxious to keep as far north as possible because he was more aware than Gordon of the likely opposition from the Sultan of Zanzibar, although, in his final instructions to McKillop, he said that the Egyptian force could establish itself at any unoccupied place in Formosa Bay. McKillop thus set out, poorly equipped and instructed, for a vague rendezvous to await Gordon who had decided not to try to reach the sea anyway. This ill-fated expedition succeeded in taking two towns along the coast - Barawa and Kismayu. Thereafter it sent agents along the coast to assert the Khedive's rights, which only had the effect of spreading alarm and bringing Kirk northwards, in the naval vessel H.M.S. Thetis, to investigate the truth of the rumours which had reached him. He found the Egyptians under an Egyptian commandant at Barawa. They were hostile and aggressive, but when threatened with bombardment from the Thetis they agreed to the terms of an ultimatum in which

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1. G.B. Hill; Colonel Gordon in Central Africa., London, 1881, p. 151.

Kirk refused to recognise the authority of the commandant, and in which he insisted on the rights of British Officers in what he regarded as the Sultan's territory. The local people clearly did not welcome the Egyptians, and Kirk was pleased to find that the inhabitants of the other towns he called at, Merka, Mogadishu and Lamu, were ready to resist the Egyptians. Having displayed sufficient authority at Barawa, and ascertained reactions along the coast, he returned to Zanaibar and sent a report to the Foreign Office.

He made three important points. First, he said Britain's primary objective of suppressing the slave trade could be advanced best by supporting the Sultan of Zanzibar who was very much subject to British influence, and perforce fairly cooperative. Second, failure to support the Sultan would lead to anarchy and disruption of trade which would be damaging to British interests. Finally he thought Britain had a duty to protect the interests of the British Indians who had settled along the coast of East Africa, and who had suffered considerable losses when, as British subjects, they had been dispossessed of their slaves.

In a sense the issue resolved itself very much into a conflict of personalities. Ismail and Barghash were competing for the commerce of central Africa, while Kirk and Gordon were pursuing different policies for ending the

slave trade. Ismail sought control of the ivory trade of the area, while Barghash wanted to strengthen his very vague authority there. Kirk and Gordon were at least not in conflict about aims. They agreed in desiring to end the slave trade but not on the means for doing so, and unfortunately they never met to discuss the matter. Gordon thought he could suppress the trade by extending the Khedive's rule into the southern Sudan and Uganda, but Kirk doubted the sincerity of Ismail's anti-slavery views, and Gordon was later to have his doubts as well. In the meantime Kirk could point to the fact that the policy in the Sudan had achieved very little whereas the slave trade along the East Coast had been very appreciably reduced. Moreover he questioned the Egyptian claim to central Africa which had been put on the map largely by British explorers[1].

In the event Kirk did not have to take any further action against the invaders because in December 1875 the Khedive ordered McKillop and his force to return to Egypt. The British Agent and Consul-General in Cairo had been pressing him to recall the expedition, and on hearing of the ultimatum which Kirk had delivered at Barawa, Ismail realised that British authority in the area had been offended in addition to the fact that the population along the coast was obviously against Egyptian encroachment.

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1. Coupland, Exploitation, pp. 275-293.

McKillop's view of the plan was that if it were to be attempted again the best place to make for would be Mombasa[1]. This is noteworthy because Mombasa was later chosen as the coastal terminus for the railway to Uganda. However, for the moment the point of interest is that although Gordon's scheme was not revived, and the Khedive failed to establish a foothold in East Africa, the abortive invasion nevertheless had considerable repercussions.

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The most immediate result was to bind the Sultan more closely to Britain. He fully appreciated that he would probably have lost some of his territory if it had not been for British intervention. It made him aware that his territory was strategically, and probably economically much more valuable than he had realised. In other words it was attractive to other powers. It was more than an annexe to the British Empire in India, or merely an area where Britain was anxious to end the slave trade.

Kirk reporting to Lord Derby on the aftermath of the Egyptian invasion said:

> "... I told H.H. that during the time the Egyptians held part of his dominion he from his very weakness could do nothing, but now that they had been induced to remove under pressure from Great Britain he would

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1. Letter which McKillop wrote to Gordon, but which got into Kirk's hands by mistake. Quoted by Coupland [illegible] Exploitation, p. 287. [illegible].

> find his work must begin and that if in reoccupying his lost possessions he did not do more than he ever had done - not only to secure life and property at the coast stations, but to develop also the immense natural resources of the interior and open up the country to civilisation and commerce he would be considered unworthy of the assistance he had received and pave the way for fresh assaults on his authority, as it was not to be expected that his dominion was to be maintained unless for the good of mankind and of the people over whom he ruled ..."[1]

This advice contained a pretty clear hint that Barghash could not count on British support unless he took steps to develop his territories and to improve the lot of the people within them. A major difficulty however was that he had neither the capital nor the personnel for such a programme, and if he invited Europeans to help him they might take over his territories entirely. At about the time that Barghash was pondering this dilemma Mackinnon and 4 or 5 friends were considering the possibility of starting a development scheme in Africa themselves. For Mackinnon this was an important period during which he began to move decisively out of the narrow confines of the shipping business, so it is worth trying to assess the factors which influenced him.

In the first place, running the B.I. and making a fortune out of it was no longer wholly satisfying. In this respect his temperament was similar to King Leopold's, with whom he was soon to become closely associated. Leopold's

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1. F.O. 84/1452 Kirk to Lord Derby, 11th January 1876.

capacity was too great for the limited duty of being King of Belgium, and Mackinnon's energy likewise required more scope than could be afforded by the B.I. Mackinnon was then just over 50 years old and he had no children on whom to lavish some of his wealth or to whom he could give his affection.

He was attracted to East Africa because the B.I. had established trade connections there and because the interests of many of his friends lay in that direction. Here it is worth repeating that Mackinnon heartily disliked the slave trade and believed, like many others, that the promotion of legitimate commerce was the best way of ending it. As a humanitarian and a shipping magnate, therefore, there was every reason for him to support schemes which might increase the volume of legitimate trade. Capital expenditure on the mainland would obviously lead to immediate loss, but on the analogy of what had happened in India there was good reason for hoping that in the long run business activity would be stimulated sufficiently to bring a profitable return on the initial outlay. Livingstone had reported on the

existence of gold and copper deposits (admittedly well outside Barghash's domain) and diamonds had been discovered in Griqualand West in 1867, so it was expected that extensive mineral deposits might be found in East Africa. Mackinnon was also particularly influenced by the views of Grodon, whom he greatly respected, who said that the land to the south of lakes Albert and Victoria was enormously rich[1].

With the benefit of hindsight one can see that Mackinnon over-rated the economic potential of East Africa, but given his experience in India and the kind of assessments which were being made by people who had personal knowledge of Africa it was not unreasonable for him to make a substantial capital investment. This is particularly true when one considers that he was not motivated solely by a desire for profit. Although he believed that good deeds were justly rewarded, his wealth was already more than adequate so he was not

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1. MP. Horace Waller mentioned this view of Gordon's in a letter to Mackinnon of the 12th January 1877.

especially anxious to increase it. An opportunity for him to do something practical on the East African mainland occurred when Leopold convened an International Geographical Conference in September 1876.

King Leopold II of Belgium had been interested in engaging in projects overseas for some years and in 1876 he convened an International Geographical Conference which was attended by 10 British delegates including Sir Bartle Frere, Sir Thomas Fowell Buxton, Grant and Mackinnon. The purpose of the Conference, as he outlined it, was to consider ways of promoting civilisation in Africa. The aims he said would not be commercial, but scientific, philanthropic and charitable. The Conference supported these aims and proposed that a major base should be established at the mouth of the Congo and linked by overland routes, with small stations, to another major base in the vicinity of Zanzibar. The scheme would lead to the opening up of the centre of the continent and help to attack the slave trade at its source. In order to carry out these proposals the Conference established the "Association Internationale Africaine" with Leopold as President and thereafter the delegates returned to their respective countries.[1]

In practice the Association split up into separate national groups, and what remained nominally international

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1. De Kiewiet, op.cit., pp. 13-15.

became a front for Leopold's own activities.

The reasons for the split are not entirely clear, but the British delegates, on returning home, seemed to have been most influenced by the view of Foreign Office officials who pointed out the major difficulties which would be involved in launching ambitious schemes on an international basis. In the event the British delegates did not form a national committee, but instead they established the "African Exploration Fund" as a branch of the Royal Geographical Society. This ended their connection as a group with the A.I.A., but Mackinnon who had been impressed by the spirit of the Conference retained his association with Leopold and also sought ways of putting some of the ideas into practice. In September, while still a guest of Leopold's he wrote to Kirk to tell him about the proceedings of the Conference and about some of the proposals which had been made. In reply Kirk said that Grant's scheme for a telegraph line from Egypt to Khartoum, then to Ujiji and the Cape was quite visionary in the conditions of Africa. An army would be needed to reach some of the places where a chief might have removed portions of the line to make bracelets, or a tree might have fallen across it or an elephant pushed the poles down. He thought it would be better to have a line along the coast to run from Lamu to Zanzibar, to Mocambique then

on to the Cape with branch lines to Madagascar and Mauritius,

> "... the inland telegraph," he said, "will never work until the roads have been made and then it must follow them.
>
> I think I can answer for the Sultan that he will help and assist the work. You must get the F.O. officially to instruct me to use my influence. This is of course essential and I feel assured all concessions will be obtained ...".

He thought that Dar-es-Salaam well governed would totally eclipse Zanzibar and attract all the trade, but the Sultan could hardly be expected to make a grant which would have the effect of ruining his place without bringing him any advantage. On the other hand, Kirk said,

> "... If he were to place himself under us as a protected prince the whole question alters and the dominion would be one well worth having. No doubt this is the radical measure but the government seems too apathetic to allow any such hope a chance of being carried out. I am personally for it both on account of the country and ourselves. The Sultan would be better off than now ...".

He said that the northern or Somali district was occupied by blood-thirsty people who would not allow peaceful settlement. It was the most healthy district but south of Lamu was quiet. He was not hopeful however about any of the East African rivers with the possible exception of the Zambesi. This was navigable for limited purposes and would undoubtedly form the highway to Nyasa once the Portuguese were got rid of[1].

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1. MP. Kirk to Mackinnon, 17th October 1876.

At about the time Mackinnon received this letter he attended a meeting in Glasgow at which it was proposed to build a highway across the continent from the East Coast.

The postal service between London and Zanzibar took 3 or 4 weeks, so Mackinnon had to wait about 7 weeks to get replies from Kirk. On this occasion when he wrote to Kirk about the proposal from the Glasgow meeting, Kirk told the Sultan and reported the matter to the Foreign Office.

Barghash having been persuaded that it would be desirable to have his territories developed was very keen and wrote a letter to Lord Derby which Kirk enclosed with his own report. In this letter Barghash said:

> "... I was pleased much when told by the honoured Dr. Kirk of the intention to open roads to Lake Nyasa and the Sea of Ujiji and the Ukerere of Uganda, and I should wish these my friends to know by your Lordship that it is my desire to help them all that I can ..."[1]

Lord Derby forwarded a copy of Barghash's letter to Mackinnon at about the time that his friend and leading humanitarian, the Reverend Horace Waller[2], told him that Gordon might be persuaded to take an interest in a development scheme in Africa.

Gordon appeared on the scene with the bewildering changes of mood which seemed to be characteristic of him. When he

1. F.O. 84/1454, Barghash to Lord Derby, 14 December 1876.
2. Horace Waller was lay Superintendent of the first U.M.C.A. expedition and editor of Livingstone's Last Journals. He was an important missionary, anti-slave trade propagandist and link between various people such as Mackinnon and Gordon.

first wrote from the Sudan to tell Waller that he was due for leave he said:

> "... Let me ask you to leave me alone. I want quiet while at home ... I do not want to see either Sir B.F. or Sir H.R. or Grant or any of the men who worry about Africa. I am afraid this will cause offence, but I am callous if it does. I have had a hard life of it ..."[1]

Almost exactly a month later he reported that he had left the Khedive's service and said:

> "... I am however little disposed to let matters rest in Africa in the state they are and if any opening could be seen by which I could benefit the people I am willing to accept the service ..."[2]

The encouraging letter from Barghash and the possibility of getting the active support of Gordon persuaded Mackinnon to formulate (or perhaps to revive) ideas for a much more ambitious scheme than that of building a road.

Waller was particularly excited by the offer from Gordon and said:

> "It seemed as if some unseen hand was leading him into the presence of four or five men and ladies who sat round a breakfast table in Burlington Street about a year ago[3] ... If you look closely upon him you will see the spirit of Clive in this man - let us try by God's help[4] to make him a Clive or greater if we can ..."

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1. W.P. Gordon to Waller, 12 October 1876. These references by initials were probably to Sir Bartle Frere and Sir Hercules Robinson.
2. W.P. Gordon to Waller, 11 November 1876.
3. W.P. Waller to Mackinnon, 12 January 1877.
4. W.P. Waller to Mackinnon, 18 January 1877. It is not clear who the four or five people were, but in addition to Mackinnon and Waller the group almost certainly included Lady Burdett-Coutts.

Waller told Gordon that Mackinnon had the means and influence to gather together the raw materials for a venture which would have for its historical type the East India Company of old. Gordon jumped at the words and said that they expressed exactly all he felt. He said to Waller:

> "... My idea is that they should get from the Sultan of Zanzibar a concession for 10 years for opening the country giving rights to levy troops and securing freedom from custom dues and monopoly of the trade and I imagine the Sultan would require to have some advantage in all this in the shape of an export due ..."

He said that questions concerning concessions were nothing to him and he did not want to get mixed up in the commercial side of things because he might then not be granted leave from the army. He could however find the best line to the interior, establish posts, raise troops, command them and see to the communications with headquarters. He said this would suit him better than the general command[1].

The only slight note of discord at this stage came from Horace Waller, who warned that it would be useless to try to make Gordon work with the King of the Belgians, because Gordon felt that large undertakings with Kings at their head bore with them the seeds of failure. This however did not worry Mackinnon who was quite ready to proceed independently of Leopold. He was probably much more

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1. MP. Gordon to Waller, 17th January 1877

influenced by the information which came in the same letter about Gordon's achievements in the Sudan. Gordon claimed that during his period of service in the Sudan he had realised £140,000 from ivory alone, and that after spending £50,000 on the troops and other overheads a clear profit of £90,000 had been left for the Khedive.

The drafting of the scheme, which came to be known as the Mackinnon Concession, thus began in an air of considerable optimism. It appeared probable that the experienced Colonel Gordon would join the enterprise; the prospects of securing profits seemed good, and Barghash sounded welcoming. Horace Waller, who was chronically over-optimistic suggested that his brother Gerald should go to Zanzibar about the end of January and come back "... with all signed sealed and delivered ...". But these rather wild hopes were dashed a few days later by Gordon himself who said that the Duke of Cambridge, who was Commander-in-Chief of the army, had instructed him to return to the Khedive's service. This in fact saved Gordon from a mood of indecision as he had just told Waller that he was very troubled in mind because his brothers and some of his friends regarded his action, in thinking of going to Zanzibar, in some sort of scheme with Mackinnon, as gross treachery to the Khedive[1].

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1. W.P. Gordon to Waller, 19th January 1877.

Mackinnon was disappointed by these developments and tried to see Gordon in order to persuade him to change his mind, but Gordon flatly refused and so the two men did not meet till 1880.

In the meantime in spite of his disappointment Mackinnon went ahead with the scheme, and in February he received a cautiously encouraging letter from Kirk, who had travelled southwards from Zanzibar to see if he could get any information which might be of use if Mackinnon's scheme progressed. Kirk said that he had been to the district south of Kilwa and up to Cape Delgado and had been pleased to find a new industry reconciling people to the ending of the slave trade. The new industry was the collection of rubber, and it required so much labour that people wished they could get back their tribesmen who had been shipped abroad as slaves. He said it was only a year since rubber had attracted attention as a last resource to replace the failing slave trade but already the harbours smelled of it, and agents were travelling inland for as long as 8 days with goods to try to tempt the villagers to collect rubber. He added that in the previous year Kilwa alone had yielded £400,000 worth and the

> "... region has other undeveloped resources including coal and iron that one day will be of use and value ..."[1]

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1. MP. Kirk to Mackinnon, 5th February 1877.

This letter from Kirk gave Mackinnon further grounds for believing that the proposed concession would be profitable in the long run. By early March the draft concession was ready and Gerald Waller arrived with it in Zanzibar on the 4th April, 1877.[1] On Kirk's advice he left it in Zanzibar and proceeded southwards to Mocambique, with Smith, of Smith/Mackenzie, for about 3 weeks. Kirk had apparently feared that the proposals would become known if Gerald Waller remained in Zanzibar for no obvious purpose. Waller returned to Zanzibar on the 29th April, and in the meantime Barghash had given Kirk a copy of the draft concession. Kirk had it translated and sent a report about it to the Foreign Office.

He told Lord Derby that he had made it clear to Barghash that the proposal for the concession did not in any way come from or through the British Government, but was sponsored principally by Mackinnon, and Sir Thomas Fowell Buxton. The sponsors said that the idea of the concession had been suggested to them by the Sultan's offer to help any friends with schemes for the development of his territories, and their aims could be summarised as follows:

a) The civilisation of Africa and the opening up of trade on the coast and in the interior.

b) To assist the Sultan's praiseworthy efforts to put an end to the infamous trade in slaves, rather than to obtain immediate gains for themselves.

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1. De Kiewiet, op.cit., p. 32.

(c) To secure to the Sultan, as soon as possible, the actual control and government of the vast territory which formed part of his dominions.

(d) To occupy the territory between the coast and the Victoria Nyanza in the Sultan's name so as to prevent the Egyptian Government from extending its baneful influence in that direction[1].

Having explained the purpose of the proposals, Kirk proceeded in the same letter to give his own views about them. The most important requirement he said was to insert a clause to safeguard the rights which had already been granted to foreigners by treaties, but the draft would have to be revised in other respects because the promoters of the scheme clearly had most imperfect information about the actual conditions in East Africa. However, if Barghash agreed, after the revisions had been made, to waive his powers over the mainland in favour of Mackinnon's proposed company, Zanzibar might soon be made a prosperous and powerful kingdom. The slave trade might be totally suppressed and works of public utility carried into distant parts of the continent. Left with the same revenue as he already had, but with only the islands of Zanzibar and Pemba to govern, the Sultan would be able to devote a great deal more money to their development, and perhaps be encouraged to do so by the progress which would be taking place on the mainland. Kirk concluded his assessment of the prospects by saying:

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1. F.O. 84/1485, Kirk to Lord Derby, 10th April 1877.

> "... On the other hand it is impossible to foretell how far a gigantic scheme such as the present may lead, when once the Company has at its disposal a trained military force, and virtually rules a rich country of such extent ..."[1]

A very similar reservation must have occurred to Barghash, and indeed it is possible that Kirk made his final comment after his preliminary discussion with Barghash, because, although as an agent of the British Government it was Kirk's duty to report the proposed concession to the Foreign Office, it was also clearly imperative for him to discuss it with the Sultan as soon as possible. In addition to his duties in these two directions he also felt obliged to advise his friend, Mackinnon, as much as he properly could within the limits set by his official position. It is hardly surprising, therefore, that he said: "... Really it is on me the whole work has fallen ..."[2]

Although Mackinnon was the principal sponsor of the scheme, in April 1877, he was not in a position to forward it as much as Kirk. He did not know East Africa, he did not understand the Foreign Office as well as he had got to know the India Office, and he was not on close terms with the Sultan. Kirk was thus the only person familiar with the principal parties - the Foreign Office, the Sultan and

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1. F.O. 84/1485, Kirk to Lord Derby, 10th April 1877.
2. MP. Kirk to Mackinnon, 19th April 1877.

Mackinnon - and on the 16th April he went to have a fuller discussion of the proposals at Barghash's request. He explained that his own function was to ensure that misunderstanding did not arise between the parties, and he told Barghash bluntly that the concessions would deprive him of his authority on the mainland. He was quite prepared, therefore, for Barghash to refuse to entertain the idea of foregoing his powers in favour of a private company, particularly as the sponsors were Christians and he was a Moslem ruler. But to his surprise Barghash said he had read the proposals and found so much that was good in them for his people and country that he would be prepared to yield his personal powers and rights, if there was some guarantee that the improvements could really be effected and that his people would not be expelled or lose their trades.

In addition to the reasons which he gave to Kirk, one may surmise that Barghash was also interested in the scheme because the Egyptian invasion had demonstrated his impotence and he hoped that a company such as Mackinnon proposed would afford him the protection he needed.[1] If it were a success it would also provide him with an assured income, and he probably assumed in April 1877, in spite of Kirk's assurances to the contrary, that the scheme had some measure of support from the British government.

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1. De Kiewiet, op.cit., p. 33.

A few days after his meeting with Barghash Kirk wrote a long letter to Mackinnon giving a realistic appraisal of the prospects. As it may have made Mackinnon more cautious and a little less enthusiastic it is worth quoting from at length. Kirk warned that many of the concessions sought were rendered worthless because they had already been given by previous treaties. He said:

> "... You will find that the Sultan can give few special rights to any one company, nation or individual ... I think the upshot will be you can have absolutely no exclusive rights that will be of the smallest value until they become exclusive in practice by the command you will have of roads - artificially made, for by treaty you cannot stop anyone going as now across country ... My impression is that the government of the coast will be an expense which it will be difficult to recoup by taxes on the native population and I doubt the Sultan or you being able under existing treaties to tax foreigners (Indians inclusive) ..."[1]

A few days later Kirk reported again to Lord Derby, and said that having read Barghash's confidential memorandum on the draft concession, he thought there were so few points for discussion left that there would be no difficulty in obtaining the concession provided the company would adhere to its offer after knowing how few special rights it could enjoy. Nothing further could be done at Zanzibar however unless someone with greater power than Waller and a good knowledge of Arabic negotiated personally with Barghash on

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1. MP. Kirk to Mackinnon, 19th April 1877.

behalf of Mackinnon. But he urged that advantage be taken of the progress which had been made because if the negotiations failed there were others in the field seeking concessions. A letter had been sent from France in October 1876 inviting the Sultan to join in a scheme of King Leopold's.[1] At the same time concessions had been sought which would have given France a prominent position on the East Coast. Kirk said that Barghash had rejected these approaches but other proposals had been made since - the Church Missionary Society was considering making a road inland from Saadani; a scheme had originated in Scotland for getting a concession over a large stretch of coast south of Kilwa and finally a party was expected to arrive to survey the best line for a road to Lake Nyasa[2]. This sort of activity moreover was not confined to the Sultan's domain, because Kirk reported that an old opium grower was on his way to Mocambique with a large concession from the Portuguese.

Kirk said that the Sultan had shown himself ready to cede his authority if concessionaires could guarantee him a good personal income and the development of his territories. In the circumstances, therefore, it was likely that a transfer of administration would take place sooner or later, and he thought it important that this should fall into British hands

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1. F.O. 84/1485, Kirk to Lord Derby, 25th April 1877.
2. Ibid.

rather than into those of a rival and possibly hostile power. In April 1877 Barghash was still clearly in favour of British enterprise, but his views might change and Kirk's considerable influence over him could disappear at any moment.

The following week Kirk wrote to Mackinnon, also urging that there was no time to lose. In this letter however he emphasised the threat from Egypt. He said that marauding parties from the Egyptian army had almost reached the "Tanganyka by the Albert Lake". Then he made the following rather surprising remarks about Gordon who had returned to the Sudan in the Khedive's service:

> "... Gordon Pasha has proved the curse of Central Africa so far as results show yet. He knows what Ismail did in his rear. I hear what his men are doing in front when he is not there ... it is the most palpable farce making him governor of a quarter of Africa without honest men under him. But when the end of his China mission was to go off discouraged by the low cunning and treachery of a mandarin he will come out of this still worse and only be a deplorable failure. He has to do with far too great a master of the art of cunning ..."[1]

In this same letter Kirk said that the international treaties presented insuperable difficulties to obtaining concessions in Pemba or Zanzibar, but he thought they might be overcome on the mainland "... through the Crown right to land not actually under good title ...". He did not indicate how much land this was, but he was aware that the

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1. MP. Kirk to Mackinnon, 4th May 1877.

tone of the letter was at variance with the discouraging one which he wrote on the 19th April, because he said:

> "... You must read my letters with regard to date for things change and I change my views with changing circumstances ..."[1]

Gerald Waller got back to Zanzibar on the 29th April, but after a few days left for England which then became the centre of activity. He took with him a letter from Barghash to Mackinnon in which Barghash suggested some amendments to the draft concession. Barghash's chief objection seems to have been to the proposal that the concessionaires should have power to appoint judges, because he did not want Christians appointing Mohammadan judges on his behalf. He also wanted an interpreter, and had written to ask if Dr. Badger, a scholar of Arabic, could help. Barghash's objections however were minor. The real difficulties were the existing international treaties, which Gerald Waller said crossed their proposals in so many ways that they altered the basis of the whole plan.

When the memorandum on the concession finally reached Lord Derby in the Foreign Office he ordered that comments on it should be sought from the India Office, Board of Trade and the Colonial Office. In the meantime he only remarked on the Sultan's favourable reaction and said:

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1. MP. Kirk to Mackinnon, 4th May 1877.

> "... I cannot think the Sultan knows what he is doing. He is thinking of giving away nearly all his power and for no corresponding advantage ..."[1]

Departmental wheels turned very slowly and for the rest of the year Mackinnon awaited the views of the British Government. In July he said that W.H. Wylde, of the slave trade section of the Foreign Office, had given him privately a copy of Kirk's official despatches about the concession. His impression was that opinion among officials was favourable, but he told Kirk that there was no point in Badger or any negotiator going to Zanzibar until it was clear that the British Government was not opposed to the proposals.

Towards the end of August he wrote a personal letter to Lord Derby which was in effect a reminder. He said that before undertaking such a massive project the interested parties would wish to know whether the British Government looked with favour upon it or whether it would object to it. In the latter case he said he would abandon the enterprise entirely, but reluctantly, because he had reason to believe that the Sultan, who:

> "... was most anxious to develop the resources of his country would be willing to grant similar concessions to the subjects of other foreign powers who are assured of the support of their governments and would make great sacrifices to obtain the concessions in question ..."[2]

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1. F.O. 84/1485. Minute by Lord Derby, June 1877.
2. MP. Mackinnon to Lord Derby, 23rd August 1877.

Mackinnon hoped however that the British Government would feel justified in supporting his scheme because if it were successful it would not only root out slavery from the Sultan's dominions but also develop the great resources of that part of Africa and open vast regions to British commerce. Mackinnon enclosed with his letter a copy of one from Burghash proposing some amendments to the draft.

Mackinnon was told informally by Wylde about the progress of the deliberations over the scheme within the departments, but it appears that Lord Derby never sent a direct reply to Mackinnon's letter of the 23rd August. This however did not surprise Kirk who told Mackinnon that nothing would ever happen if he waited for the approval of Lord Derby. Kirk thought government would approve a thing once it was started and sure to go on without its support, but in this case Mackinnon was up against more than the usual inertia. The Khedive of Egypt, Kirk alleged, had friends near enough to the heads of department to have secured copies of the correspondence about the proposed concession and was no doubt using all his very considerable influence to frustrate the scheme[1].

Quite apart from any characteristic dilatoriness on the part of Lord Derby, Ministers consulted naturally looked

1. MP. Kirk to Mackinnon, 18th September 1877.

with extreme caution and little enthusiasm on a scheme which was so ambitious and could have so many unforeseeable consequencies. In September, the India Office stated that so far as Lord Salisbury could see there were

> "... no Indian interests concerned which would justify him in expressing a judgement either adverse or favourable to the proposed arrangement ..."[1]

This was very reminiscent of the attitude which the India Office had adopted a few years earlier when Mackinnon had applied to run a regular subsidised shipping line to Zanzibar. The India Office had then tried to avoid contributing towards the subsidy on the grounds that the proposed line would be most important as a measure against the slave trade which was the responsibility of the British government.

Activity on the concession did not, however, cease altogether. In December Mackinnon sent a fresh draft to Lord Derby which had been revised following the changes suggested by Barghash, and said that he proposed to send it with an accredited agent to Zanzibar. He had earlier told Kirk of his intention, and Kirk had informed Barghash who still seemed keen in spite of the long delay. Kirk personally welcomed the move but said that Dr. Badger should be available to interpret otherwise there would be a hitch. He admitted that many people found Badger difficult, but he did not.

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1. F.O. 84/1596, Sir L. Mallet from the India Office to the F.O., 13th September 1877.

In August Mackinnon had said that he would abandon the enterprise unless government looked favourably upon it, but in December he decided that Gerald Waller and Badger should nevertheless go out, because by then he was confident that he would soon receive a favourable reply. In fact the reply he was expecting was not received till February 1878, and then it was very non-committal.

The Foreign Office had waited many months for comments from the other departments consulted,[1] and then in January a lengthy memorandum, which summarised the views received, was prepared for the Foreign Secretary. The India Office had added nothing to Lord Salisbury's remarks which have already been quoted, and the Board of Trade considered itself virtually unconcerned because most of Zanzibar's trade was with India. Lord Carnarvon at the Colonial Office thought the proposals would have to be much more fully explained before government could permit, let alone support the scheme. On the other hand he was not opposed in principle to a plan which might contribute to the extension of civilisation. He was merely anxious that the British Government should retain some control over the company's political activities while avoiding involvement in any detailed financial arrangements between it and the Sultan.

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1. De Kiewiet, op.cit., pp. 34-36.

The Government of India which was the last to reply was also the most favourable towards the scheme ... It took the view that it would benefit rather than harm Indian interests, although the project was primarily an Imperial concern. It also supported Kirk's contention that if the scheme were to be implemented it should be done while British influence was still paramount in Zanzibar.

All the comments and papers were referred to the Law Officers who advised that the intended company was competent to carry out the scheme without the sanction of government, but that the execution of the proposals might involve it in the commission of acts which were forbidden without the licence of government. On the other hand if government were in any way to give the company authority to carry out the undertaking it might on some future occasion be involved in difficulties with the Sultan of Zanzibar or with other foreign powers.

This was the one possible danger in the scheme which Wylde, who had drafted the memorandum, foresaw. He pointed out that the amended draft which Mackinnon had sent in December excluded the clauses which would have infringed existing treaty rights; and he said that if government confined itself to affording the promoters of the scheme only such support as British subjects engaged in legal

undertakings normally got there should not be any complications with foreign governments. But he added that if a scheme of such vast scope were successfully carried out, it would have very considerable political and commercial repercussions. In other words its effects would be unpredictable and difficulties could arise.

In spite of this however he thought the scheme commended itself as a measure for developing the resources of Africa and opening new markets for British manufactures. He also thought it should be encouraged as a means towards ending the slave trade. He was sure that the trade would cease wherever the company's authority was established, and so the British government would be saved the considerable expense of maintaining a squadron along the East African coast[1].

The Foreign Office finally replied on the basis of Wylde's memorandum. The letter, dated 19th February 1878, was very cautious and non-committal, but it said that as the concession would contribute to the suppression of the slave trade it commended itself to such support as the British government could properly give to such an undertaking[2]. Thus government neither formally approved nor opposed the scheme, but left itself free to pursue whatever policy it

1. F.O. 84/1527 of 21st January 1878.

2. F.O. 84/1526, F.O. to Mackinnon, 19th February 1878.

wished as the situation might develop. For Mackinnon this was sufficient. He said he would at once take the necessary steps to get the concession ratified[1], and in April Gerald Waller sailed for Zanzibar accompanied by Badger, who was the interpreter for Barghash.

In spite of the delay of a year since the first draft was submitted, Kirk was able to report on the 4th May that the Sultan was still "hearty in the scheme", and that all was going well. Gerald Waller and Badger were well received, but within a few days Barghash decisively changed his mind and put insuperable obstacles in the way of negotiations. In particular he would not cede a monopoly of the ivory trade or allow extra duties on ivory to be levied. Various reasons were suggested for this surprising turn of events.

Kirk said it was unfortunate that Mackinnon had found delay necessary, and also that the revised draft had been submitted so abruptly because it gave Barghash an opportunity to suggest that it was really Mackinnon who had changed the scheme. It was also thought that Badger's tactlessness and outbursts of bad temper had seriously offended the Sultan, and finally that the Sultan had been persuaded by the many influential Arabs who were opposed to the proposed concessions. They realised that the concessionaires would end slavery which

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1. F.O. 84/1527, Mackinnon to F.O., 22nd February 1878.

was fundamental to their economy and that serious inroads would be made into their profitable ivory trade.

A powerful Arab lobby might well have induced Barghash to break off negotiations, but if so it would have been most likely to succeed during the 12 months between Gerald Waller's first and second visits to Zanzibar rather than immediately after he had been warmly welcomed back to Zanzibar. The theory that such a pressure group was principally responsible for the breakdown of negotiations thus does not satisfactorily explain the suddenness with which they were ended, and the real reason did not emerge till later. In October Kirk said:

> "... I have lately too got insight into some matters connected with the concessions that surprise me, there were influences I fear that were not known then and the Sultan got hints from quarters that I did not suspect ..."[1]

Referring to the failure in another letter he said:

> "... but there were other influences and I have a strong suspicion that the proposed concession met with disfavour in influential quarters ..."[2]

Miss De Kiewiet has shown that the disfavour and hints came from Lord Salisbury, and were passed to Barghash through Dr. Badger[3]. The clearest evidence for this is given in a

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1. MP. Kirk to Mackinnon, 17th October 1878.
2. MP. Kirk to Mackinnon, 3rd May 1879.
3. De Kiewiet, op.cit., p. 43.

private letter from Badger to Salisbury which accidentally got into the Foreign Office records. In this letter, written in July, Badger said:

> "The Sultan was most grateful for the hints which your Lordship conveyed to him through me and it is not improbable that they cooperated to induce him to use greater caution in the matter of the proposed concession ..."[1]

This explanation certainly makes Barghash's sudden change of mind comprehensible, and it strongly suggests that Badger's tactlessness, and outbursts of ill-temper were part of the plan to sabotage the negotiations.

But Badger must have played his part well because Kirk who was a shrewd judge of people did not suspect him at the time. This is a little surprising, nevertheless, because on a previous occasion he had been given cause to suspect Badger of scheming.

During Barghash's visit to England in 1875, one of the favours for which he had asked was that the Queen should decorate Kirk. This had been most embarassing for Kirk because Lord Derby had assumed that Kirk had suggested the idea to Barghash. In fact Kirk had known nothing about it and said:

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1. Badger to Lord Salisbury, 3rd July 1878, quoted by De Kiewiet.

"... it was unlikely the Sultan should have hit upon it, I always think it must have been some of Badger's work ..."[1]

Whatever the truth of that, there is no doubt that Badger, as Lord Salisbury's instrument was immediately responsible for the breakdown of negotiations in May 1878. In the long run however it is arguable that Mackinnon had already lost opportunities for securing the concession by the lack of energy which he displayed after April 1877. There is no single letter such as that from Badger to Salisbury to give solid support to this view, but the record of events is illuminating.

Towards the end of April 1877, Kirk reported on the state of the negotiations to the Foreign Office. He said good progress had been made, and that advantage should be taken of it because there were other interested parties ready to step in if the negotiations failed. A few days later, at the beginning of May, he warned Mackinnon of the danger and urged him to lose no time. He also explained at length the amendments which would have to be made to the draft[2]. Mackinnon received this letter at the end of May when Gerald Waller arrived to give him full details about the situation, but there is no evidence that he followed Kirk's advice.

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1. MP. Kirk to Mackinnon, 24th August 1877.

2. MP. Kirk to Mackinnon, 4th May 1877.

In July he merely told Barghash that he had taken no further action on the concession proposals because they were being considered by the British government. In August, Gerald Waller visited the Foreign Office on his behalf and Mackinnon wrote what was in effect a reminder, but he apparently did not send a revised draft of the proposed concession to the Foreign Office till December, although he had known what amendments were necessary much earlier. He certainly did not give the impression that he felt any sense of urgency, and his dilatoriness after April 1877 was in marked contrast to his display of energy during the winter of 1876-77. Then he had news of the considerable revenue which Gordon had raised from ivory in the Sudan; the possibility of engaging Gordon as an administrator; a letter from Barghash asking for capitalists to develop his territories, and a mildly encouraging letter from Kirk. In that situation he had, within a matter of weeks, produced a draft for the proposed concession and arranged for Gerald Waller to go out to Zanzibar. From about the time of Gerald Waller's return, however, the tempo of events seemed to become much slower. Certainly during the following 12 months Kirk urged Mackinnon on a number of occasions to press more strongly for the conclusion of an agreement with Barghash, and when negotiations failed in May 1878, the first reason he suggested for the failure was the long delay. His

actual comment to Mackinnon was:

> "... It is unfortunate as I always said that you found delay necessary ..."[1]

Sir Harry Johnston put it more strongly when he wrote:

> "... in 1876 the Sultan offered the lease of nearly all his continental territories to Mr., afterwards Sir William, Mackinnon, the Chairman of the British India Steam Navigation Company. But Mr. Mackinnon was an over-cautious man. Instead of accepting, and then forcing the hand of the British government, he refused to take the Sultan's concession unless he could first obtain a British guarantee, an action to which the government was naturally unwilling to commit itself ..."[2]

It was of course easy for Kirk and Johnston, who had no money at risk, to say that Mackinnon was too cautious, and Johnston rather over-simplified the issues, nevertheless there is no doubt that Mackinnon's approach had lost some of its earlier thrust.

The reason is not altogether clear, but Kirk's letter of the 19th April 1877, which has already been referred to, could well have been responsible because Mackinnon appeared keen on the project until about the time he received it. The significance of the letter is that it gave a very realistic and sobering assessment of the financial prospects, and here it must be recalled that Mackinnon regarded the proposed concession, to a great extent as a commercial enterprise. He envisaged that it would be a vehicle for

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1. MP. Kirk to Mackinnon, 31st May 1878.
2. H.H. Johnston, A History of the Colonisation of Africa by Alien Races, Cambridge, 1913, p. 375.

civilisation, and he was prepared to spend a good deal of capital to get it established, but in the long run he expected to have a profitable company. Kirk in his letter, however, cast grave doubts on this expectation because he said:

> "... the present government such as it is, is paid for out of the Customs revenue but you are to give that to the Sultan and bring(?) only additional taxes to pay the government you are to set up.
>
> It seems to me there will be a long time unremunerative and I do not see where the profits are until public works give you a practical hold of the trade, but then Indians and others will go on your roads pay your fares and compete in your markets. If you can get the powers the Khedive holds it is very well but it seems to me that like him you will only get this in new and distant countries, so that you must push on rapidly far inland to the lakes and not delay on the coast where there will be more money going out than comes into your treasury - until by giving settled government the trade had increased - but then you will only share in this trade with others ..."[1]

This was surely sufficient to make Mackinnon pause in what had been a hasty and over-optimistic approach, because he could only conclude from Kirk's letter that while expenditure would be heavy future profits were not assured.

One cannot be certain that Mackinnon would have secured the concession if he had pressed for it more strongly but it seems likely, as Kirk suggested, that the British government would have accepted a fait accompli, particularly while Lord Derby was Foreign Secretary, because he appears

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1. MP. Kirk to Mackinnon, 19th April 1877.

to have been less strongly opposed to the scheme than Lord Salisbury was. In this connection it should be noted that Lord Salisbury only took over as Foreign Secretary on the 2nd April 1878, and so only had a few days in this capacity before Gerald Waller and Badger departed for Zanzibar. Precisely why Lord Salisbury decided to sabotage negotiations is not clear, but in general terms the reasons for his opposition are evident.

Mackinnon's proposed concession was so ambitious and large in scope that it would, sooner or later, almost certainly have got the British government more deeply involved in the affairs of East Africa, but there was no point in risking such an eventuality while existing policies were achieving satisfactory results. Britain held a dominant position in East Africa, she exercised considerable influence through the Sultan of Zanzibar, and the campaign against the slave trade at sea had succeeded. Moreover, Kirk's warnings about the existence of other interested parties were not taken very seriously. No European power was making territorial claims and in the late 1870's Parliament and British public opinion would certainly have opposed any extension of British commitments over East Africa. In short Mackinnon's initiative was about 10 years too early.

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Mackinnon who had no reason for suspecting Lord Salisbury of being actively hostile to the concession was disappointed and surprised by the sudden breakdown of negotiations, but he retained an interest in East Africa by following the fortunes of the road which was being built from Dar-es-Salaam towards Lake Nyasa. This project had been proposed at the meeting of businessmen held in Glasgow in November 1876, after Mackinnon had returned from the International Geographical conference inspired with a desire to initiate some practical scheme for development in Africa. The idea was to build a highway across the continent from the East Coast, but a few months after it was formulated it became overshadowed in Mackinnon's mind by the more grandiose concession scheme. Plans for the two schemes nevertheless continued simultaneously and in May 1877 Mr. Mayes, who was in charge of the road project, started constructing it from Dar-es-Salaam.

Surprisingly Mackinnon did not know of this till July, when he sent a telegram saying that the area near Kilwa should be inspected for a suitable route. He followed this with a letter explaining that he and Fowell-Buxton wanted the shortest possible road from the coast to Lake Nyasa, and for this reason considered Dar-es-Salaam too far north[1]. As he and Fowell-Buxton were financing the road they certainly had

1. MP. Mackinnon to Kirk, 26th July 1877.

a right to decide where it should be sited, but this episode illustrates one of the weakest aspects of Mackinnon's venture into Africa: he had no first hand knowledge of the area, and he did not visit any of his projects there. Had he seen white ants in action or the devastation which floods can cause during the rainy season he would have had a better appreciation of the difficulties of constructing a dirt road and wooden bridges, and he would not have entertained the quite unrealistic idea of building a trans-continental highway.

He had successfully built up an efficient shipping service round India partly because his 10 years experience there provided him with a detailed knowledge of the potential trade, the various ports, the important people in business, the problems of communications and so on. Even when he started to run the B.I. from Britain he had a fund of personal knowledge on which to base his judgements, and although he left India in 1856 he continued to visit it periodically till the 1870's. In the case of Africa, however, he relied entirely on second-hand information. Kirk had the most detailed knowledge of the local situation, but he was only incidentally concerned with Mackinnon's African ventures. He was a long way off, and letters from Zanzibar took about three weeks to reach England, so that communications between them were necessarily limited. Moreover Kirk saw matters

from the point of view of one who had spent his career at Zanzibar trying to uphold the authority of the Sultan as a means of exercising British influence. His attitude was that of the political agent on the spot, but his sense of what was comercially viable was not as sound as Mackinnon's. For example, he was over optimistic about the possibility of promoting industries to replace slaving as a basis for prosperous trade. Mackinnon's discussions about Africa among people resident in Britain were mostly with civil servants, businessmen, and humanitarians. They all represented particular interests so that a really coherent policy did not emerge, and the first draft of the concession, in Kirk's words, revealed that the sponsors had most imperfect information about the actual conditions in East Africa.

As regards the road, Kirk replied to Mackinnon's letter pointing out more strongly than he had before why he thought it advisable to start north of Kilwa. He had said earlier that if he were to invest money in a scheme which aimed at doing good and making money it would be to open a road from Zanzibar to Lake Victoria[1]. However if Mackinnon wanted his road to go towards Lake Nyasa he recommended Dar-es-Salaam as the best starting place. He said that in fact it would be only about 30 miles longer, but he gave three positive

1. MP. Kirk to Mackinnon, 5th February 1877.

reasons in its favour. First, he foresaw Dar-es-Salaam as the port of the future, so he expected that it would attract more trade than Kilwa. Second, a road from Kilwa might eventually pass through Portuguese territory, because he thought the Portugeuse might well succeed in their desire to extend their area of authority northwards to include the lake. In the circumstances it would be foolish to build a road which might run through disputed or Portuguese territory. Third, a road from Dar-es-Salaam would pass all the way through lands known to be rich in commerce[1].

A month later he reported that Mayes had prospected a route for 70 miles from Kilwa and come to the conclusion that the first 30 miles would cost about £300 a mile to construct because there would be so much hill cutting and so many morasses to cross. This contrasted with the cost of the road from Dar-es-Salaam, which was worked out at the end of the year to be running at about £52 per mile[2]. In the letter reporting Mayes' findings Kirk also said that from his own point of view a road from Dar-es-Salaam would be preferable because he could more easily keep an eye on it.

Mackinnon was finally persuaded by these arguments and work on the road from Dar-es-Salaam was resumed, but

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1. MP. Kirk to Mackinnon, 24th August 1877.
2. MP. G. Waller to Mackinnon, 10th December 1877.

valuable weeks had been lost and Mayes left in September. He had been ill-tempered and temperamentally unsuited to the task, but he was succeeded by the Morris brothers who were technically less competent. As a result of these problems, by December, only 5 miles had been added to the 11 miles of road which had been built by the beginning of August.

Early reports on the first few miles of road out of Dar-es-Salaam were encouraging - there were plenty of people to use it and the ants had not had sufficient time to destroy the wooden bridges. The reports became more pessimistic however as the road progressed. In February 1879 Lieutenant O'Neill, who had especially inspected the road, told Kirk that all the bridges along the road were in a state of rapid decay and would bear no pressure, the ants having destroyed the timbers. And he said the promoters were under a complete delusion if they thought they possessed a road immediately available for wheel traffic, bullock waggons and the like[1].

Two years later Kirk inspected the road which was then 73 miles long and reported about it to Lord Granville who had become Foreign Secretary. Kirk was most sympathetic to the project about which he had given so much advice, but he could not conceal the fact that the promoters were not going to achieve their aim. He said:

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1. PP. LXIX, 1880, pp. 533-4.

> "... The road itself is well constructed and will require little to keep it open. As a philanthropic undertaking it has been eminently successful and its civilising influence on the people through whose country it passes is very apparent... Mackinnon and Sir T. Fowell-Buxton, by whom the Dar-es-Salaam road has been made, must be congratulated on the benefit conferred by them on the country, although their hopes of reaching Nyasa are I am afraid doomed to failure ..."[1]

He went on to say that because of tetse flies it would be useless to use bullocks or horses as beasts of burden.

More space has been given to the road scheme than its importance strictly merits. But it is of interest because it was the first practical scheme for development which Mackinnon undertook on the African mainland, and because it illustrates his unrealistic approach to such schemes.

Early in 1879 it was already evident to Mackinnon that the road would not be a commercial success by itself, so in March he applied to Barghash for another concession. This was very much more modest than the earlier one, but he sought to lease or buy the houses and land of Dar-es-Salaam, including harbour rights.[2] He wanted certain mineral rights as well as the lease of customs and taxes, and strips of land alongside the road. Kirk's assistant, Vice-Consul Holmwood, advised Mackinnon that he would be most likely to succeed if he were to go out to Zanzibar and negotiate

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1. PP.(1882), LXV, p. 566.

2. De Kiewiet, op.cit., p. 51.

personally, but there is no reason to suppose that this would have brought success, because whatever reasons Barghash had for rejecting the proposals in 1878 presumably still applied. In any case, in May he told Mackinnon that he could not cede Dar-es-Salaam because if he did it would be difficult for him to resist similar applications from other people[1].

Kirk's view was that Stanley, who had not yet become a friend of Mackinnon's, but who was in Zanzibar at the time, had put suspicions into Barghash's mind by saying that he was surprised to find Barghash still ruling for he had expected to be told that the English under cloak of one or other of their schemes for trade had ousted him entirely and taken all power out of his hands. Stanley had advised the Sultan to beware of all such schemes[2].

Barghash was given cause to resist granting further concessions a few months later when he was forced to pay a heavy indemnity to France for what the French alleged was a breach of treaty on his part when he stopped the landing and sale of arms by a Frenchman to Somalis. If treaties were used as a pretext for selling arms to the Sultan's enemies then he was unlikely to grant more concessions. Indeed

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1. MP. Sultan to Mackinnon, 3rd May 1879.

2. MP. Kirk to Mackinnon, 3rd May 1879.

Kirk suspected that France was deliberately adopting a high-handed and iniquitous policy to prevent further concessions being granted to others[1].

As far as Mackinnon was concerned this episode made no difference because by then he had abandoned any idea of taking more independent initiatives in Africa. He was later to change his mind, but for the moment the mail which he received at the beginning of June, from Zanzibar left him thoroughly frustrated. It had brought him Barghash's rejection of his second application for a concession; Kirk's view of Stanley's intrigues, and news that in the opinion of Lieutenant O'Neill it was better for most of the way to walk alongside rather on his Dar-es-Salaam road. Mackinnon did not abandon the road on receipt of this report, but he ordered that for the time being the aim should be to construct it only as far as the Kingani river, well short of Lake Nyasa which was the original objective.

The ever optimistic Gerald Waller knowing of Mackinnon's inclination to turn his back on Africa did his best to keep his interest alive. Among other things, he said Badger was hopeful that Barghash would get a railway in his territory and, if he did, Mackinnon would undoubtedly be asked to undertake it[2]. But Mackinnon who was in no mood to make

1. MP. Kirk to Mackinnon, 26th July 1879.
2. MP. G. Waller to Mackinnon, 10th June 1879.

further overtures to Barghash ignored this. He did however allow work on the road to proceed, although without any enthusiasm, and he continued to cooperate with King Leopold of the Belgians.

He had shown his willingness to help Leopold when he had offered to reserve some land near the harbour, for the Belgian Committee, if he obtained the Dar-es-Salaam lease. In the event he was unable to assist in this respect because the negotiations failed, but he went to considerable expense to procure Indian elephants for Leopold's expedition in Africa. If the Indian elephants could withstand the climate, the plan was to establish a station, possibly on the shore of Lake Tanganyika, where with their help African elephants would be caught and trained.

One riding and three burden elephants were obtained through the Bombay branch of Mackinnon/Mackenzie, and early in May 1879 James Lyle Mackay arranged for them to be shipped to Zanzibar with enough fodder for a voyage of 25 days. They arrived in good health, and after some difficulty and excitement were landed safely. By mid-July they had walked to the end of the Buxton/Mackinnon road. Having travelled inland for 23 days Mr. Carter, who had been engaged by Mackinnon to look after the elephants, proclaimed the experiment a great success because the elephants had passed

through tetse infested country apparently without ill-effects and they had lived off the local vegetation easily[1].

Like the road, however, this scheme got off to a promising start but soon ended in failure. By November two of the elephants were dead, and by June 1880 not only were they all dead, but Carter and his principal assistant Cadenhead were also dead, having accidentally got involved in an inter-village battle and been killed[2]. There was thus no prospect of establishing a station for catching and training African elephants, and for Mackinnon this ended 18 months of fruitless endeavour in Africa.

Thereafter, until 1884, he showed little interest in the affairs of East Africa beyond what was necessary from the point of view of the B.I.'s service. He continued to correspond with Kirk, but the road project was stopped in 1881, and his principal involvement in Africa for a number of years was through his association with Leopold. Otherwise he was pre-occupied with the large business of the B.I.; the trouble and litigation over the City of Glasgow Bank and a land settlement scheme in Florida.

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1. MP. Carter to Mackinnon, 6th August 1879.

2. Coupland, Exploitation, P. 263

VI. THE CONGO --- EAST AFRICA --- EMIN PASHA.

While his enterprises in East Africa were ending in disappointment, Mackinnon had to devote a great deal of attention to the B.I. In particular he had to cope with the problems which had been created by the opening of the Suez Canal (described in chapter II) and in 1878 the City of Glasgow Bank crashed.

Although the crash did not concern him directly, the proceedings which were instituted against him within two years were to keep him extremely busy and anxious till the end of 1881. Indeed, it seems probable that the psychological depression, and the physical exhaustion, caused by the protracted case partly account for the fact that during the early 1880's he ceased to be the prime mover in any major concern except his shipping company. Nevertheless, his attention was always being drawn to fresh ventures. He was by then wealthy and well known, and his support was sought frequently. In addition to Leopold, two men who approached him for help at that time are worth mentioning, because they were fairly eminent: Sir Robert Morier and General H.S. Sanford.

Morier was Britain's Minister at Lisbon from 1876-1881, Minister at Madrid from 1881-1884, and ambassador at St. Petersburg from 1884-1893. He became acquainted with

Mackinnon during his period at Lisbon, and cooperated with him through a group of people centring on the Duke of Sutherland and Stafford House, which was associated with railway construction schemes[1]. The group included General Sir Arnold Kemball, who later became a director of Mackinnon's I.B.E.A. Company, and Donald Currie, who founded the Castle shipping line. Morier was negotiating for the settlement of an Anglo-Portugese Indian dispute, and as a means of winning Portugese goodwill he revived a proposal which had been made by Lord Lytton, his predecessor at Lisbon, for the construction of a railway between Marmagoa, the port for the Portugese colony of Goa, and the British Indian railway system at New Hubli[2]. When he secured the treaty, he said that he had in great part to thank the Stafford House Committee for his success. He thought it was the association of such names as those of the Duke of Sutherland's and Mackinnon's which had given credibility to the railway scheme[3], and there is no doubt that Mackinnon gave it much attention during the Autumn of 1879[4]. A contract for the construction of the railway was signed between the Portugese

1. R. Anstey, Britain and the Congo in the nineteenth century, Oxford, 1962, p. 66.

2. Ibid., p. 87.

3. MP. Morier to Mackinnon, 14 June 1879.

4. Sanford Papers. Mackinnon to Sanford, 19 October 1879.

Government and the Stafford House Committee at the end of April 1881. It was not completed till 1888, but most of it was open by 1886[1].

Morier and Mackinnon appear to have lost touch with each other some time after the railway agreement, because in 1889 Morier wrote to Mackinnon saying:

> "I hardly know whether you remember me, but I have not forgotten the Deus ex Machina who came to my assistance in a day of trouble and enabled me to carry out a very important treaty which has turned out a perfect success."[2]

Morier was then ambassador at St. Petersburg and this was the beginning of a letter in which he sought Mackinnon's support for a scheme to promote commerce between Britain and Siberia by opening a route round the north of Norway. Mackinnon contributed £500 towards the cost of an expedition in 1889, but this failed, because although the ship from England reached the mouth of the river Yenisey it missed the expedition from the interior to the mouth of the Yenisey and so the exchange of cargoes which had been planned did not take place. Mackinnon ceased to be associated with the scheme after this, but valuable expeditions were arranged on a number of occasions afterwards till 1903[3].

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1. Information kindly supplied by Agatha Ramm.
2. MP. Morier to Mackinnon, 11 July 1889.
3. Information kindly supplied by Agatha Ramm.

The other notable person who sought Mackinnon's help at about the same time as Morier did, was General Sanford, former United States Minister at Brussels, a member since 1877 of the executive committee of the A.I.C.[1], and an unscrupulous and close associate of Leopold's. He and Mackinnon were brought together by their involvement in Leopold's affairs. They corresponded about the experiment with elephants, about Leopold's policy in the Congo and about Sanford's own more modest enterprises, such as his ivory trading scheme. They also co-operated, particularly during 1884, in Leopold's campaign to secure international recognition for the A.I.C. But in 1879, and the early 1880's Sanford's main concern with Mackinnon was to obtain his help for a land development project in Florida.

Sanford had bought 12,000 acres in Florida in 1870, and later sold 581 acres for establishing the town of Sanford. The value of the rest of the land had increased many times by 1880, but he needed more land for speculation and development, hence his overtures to Mackinnon. He even gave his daughter the middle name of Mackinnon as part of his policy of ingratiating himself.

Mackinnon was not very enthusiastic about the project, but he thought it had in it the elements of commercial success

1. A.I.C. Association Internationale du Congo.

and advanced £8,000[1]. The idea was to attract large numbers of immigrants to the area and to sell land to them. The railway had already reached Florida, which was acquiring a reputation as a good region for growing oranges and other fruit. Sanford's company, "The Florida Land & Colonisation Company", in which Mackinnon had a stake, advertised in Italy and other parts of Europe and spent money to provide basic amenities such as water supplies. However, Mackinnon appears to have taken no further very active part in the scheme after the advance which he made in January 1880. In May he told Sanford that he could not help any more because he was over-burdened with work and had heard that an action might be brought against him over his previous connection with the City Bank[2]. In fact Mackinnon was wise not to become too closely involved with the Florida company, because its affairs did not run smoothly, and its main problem seemed to be Sanford, who was at loggerheads with the other directors. Mackinnon was not one of them, but he received many complaining letters from Sanford, so in March 1884 he suggested that Sanford should raise enough money in America to buy out the British shareholders and bondholders, and establish the company in America entirely under his own control. He thought this would be the only way of overcoming the chronic ill-feeling between Sanford and the London based directors[3].

1. Sanford Papers. Mackinnon to Sanford, 15 January 1880.
2. Ibid., Mackinnon to Sanford, 27 May 1880.
3. MP. Mackinnon to Sanford, 3 March 1884.

In spite of previous set-backs, however, Mackinnon remained more interested in Africa than in the Florida project, and in February 1880 he received a letter from Gordon, who said

> "3 years ago I gave you a memo. of my ideas of what ought to be done to establish a sort of Hudson's Bay Company in Africa. Are you prepared to carry this out, if so I will be inclined to help as far as I can. I do not like Belgians. I could not negotiate with Kings. I must be king of the territory as far as apts. go. I do not believe in Kirk. I think he would never be content with a passive post. Waller thinks otherwise ..."[1]

This letter was a little embarassing for Mackinnon, because he liked Kirk and Leopold, so he answered it rather cautiously. He said he would write to Kirk about the concession scheme and mention that Gordon might be willing to carry it out. Gordon reacted to this by retreating from his forthcoming position. He told Mackinnon not to press the matter and that the value of his own services were over-rated, but they nevertheless had their first meeting a few days later.

Gordon said he found Mackinnon poorly, and so did not like to "bother him to effectual steps", but in spite of this Mackinnon was able to stimulate Gordon's interest in East Africa and persuade him to visit Leopold who, according to Gordon, wanted nothing to do with the Sultan of Zanzibar but desired to enter Africa at some point between Egyptian and Zanzibar territory. Leopold also wanted Gordon to go to Zanzibar with a view to obtaining from the Sultan the cession

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1. N.L.S. MS. Acc. 4031. Gordon to Mackinnon, 5th February 1880.

of a port "to the International" or to Mackinnon and others. Gordon was not hopeful of success and doubted if any "unrecognised" area existed between the domains of Zanzibar and Egypt.

Mackinnon enquired about this at the Foreign Office and ascertained that the Zanzibar territories did not extend beyond 2 degrees north, so that there was a neutral zone as far as 10 degrees north where Egyptian territory began. But he added that there were no good ports in the Zone[1]. The following day Mackinnon wrote a long letter to Kirk which is worth quoting extensively because it sets out the various possibilities for East Africa which he was then contemplating, and it also illustrates the extreme naivety of some of his ideas. He said:

> "Some little time ago I mentioned to you when I heard Gordon had finally quitted the Egyptian service that I thought it quite possible Gordon's services might be secured for such work as we had in view. I hope by next mail to learn whether you think it possible that the Sultan would yet make such a concession as would enable us to avail of Gordon's services. You know I never met Gordon until quite the other day ... His manner is exceedingly modest and pleasing. He absolutely shrinks from public praise and is exactly the reverse of Stanley, whom by the way he does not at all admire ... if you knew him personally you would both become fast and firm friends, and if embarked on the same good work you could really accomplish great things ... Gordon has been to visit the King at Brussels ... The King I believe would be willing to give him absolute control of all his African operations, including Stanley's, but Gordon says it would be quite impossible for him to work with Stanley in any capacity ... I have an impression if the Sultan would concede a port up toward the north of his seaboard ... that Gordon would be prepared to enter there and work upwards ... settling and arranging

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1. N.L.S. MS. Acc. 4031. Mackinnon to Gordon, 11 March 1880.

> the country and putting down the internal slave trade in the country beyond the Sultan's dominions, as well as opening it up to trade and civilisation. I suppose we know very little of the country between 1 and 2 North latitude and lake Nyanya (?). It would be a great matter for Africa to have that territory regulated and administered by a man like Gordon. I believe however he would under no circumstances bind himself at present to longer service than two years.
>
> Perhaps you would add two or three words to the telegram which I hope you will kindly send me such as "Northern suggestion feasible" or "Northern suggestion impossible".
>
> If there should appear to you any probability of the Sultan being disposed again to entertain the old concession either in whole or in part I believe we could arrange matters at home so as to secure all necessary support and to ensure the thing being well worked in every way provided only you saw your way to giving it a good share of your personal attention and help in directing and controlling it at Zanzibar ..."[1]

All this correspondence and activity in fact achieved very little. The situation was reminiscent of the winter of 1876-77 when Gordon first corrupted into Mackinnon's affairs. The immediate result in 1880 was the negative one of stopping Gordon from offering his services to Barghash. He said to Waller:

> "... I told the King that after what he had said I would not enter the Sultan's service. This is the effect of the visit to Brussels[2] ... Had I never come to Brussels I would have gone with the Sultan, it is now too late ..."[3]

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1. N.L.S. MS. Acc. 4031. Mackinnon to Kirk, 12th March 1880.

2. W.P. Gordon to Waller, 4th March 1880.

3. W.P. Gordon to Waller, undated April 1880.

He did not even visit Zanzibar because Kirk thought he could do little good there. Kirk's reply to Mackinnon is unfortunately not available, but it was almost certainly discouraging. There was no reason why Barghash, who had broken off negotiations in 1878 should wish to resume them in 1880. The situation had not changed greatly so far as he was concerned.

One effect of these abortive ideas was to turn Mackinnon's and Leopold's attention more firmly towards the Congo and away from East Africa.

They had already co-operated over the experiment with elephants, and Mackinnon had shown an interest in the Congo by contributing money for the foundation of the "Comité d'Etudes du Haut Congo" in 1878. This interest continued even though Leopold, to consolidate his own control, returned all non-Belgian capital in 1879. Mackinnon, nevertheless, still had a financial inducement, because Leopold said that any of the original subscribers, such as Mackinnon and Hutton, would be given preference in commercial, industrial and financial operations. Mackinnon also wanted to assist for philanthropic reasons, and believed that Leopold was primarily concerned for the welfare of the Africans. It was no doubt flattering to be asked for assistance by royalty, and the fact that Leopold was a king probably

helped to make his declared intentions more credible. In any case Leopold was a very astute publicist and often used others to project a favourable image. In 1880, for example, Sanford said to Mackinnon:

> "... there is one consideration about which I may talk to you in confidence and which will probably not be mentioned directly to you. Namely the question of finances! ... He (the King) has now got himself involved in a very considerable fixed expenditure, with no end of possible and uncertain outlay ahead, and his ardour in the cause is leading him still deeper into expense and unknown obligations ... The whole entourage is opposed to this expenditure and fear that private fortune and private expectations based upon it may be prejudiced. He has not thus far exceeded his income but is in the way of doing so ..."[1]

Sanford went on to say that the King was not given to calculation and needed protection from himself, lest he ruin himself financially while pursuing his purpose of bringing civilisation to Africa. Mackinnon accepted this very naive view of Leopold and provided help for a time by paying some of the cost of carrying labour to work in the Congo, and by trying to recruit British people with experience of India and elsewhere. In 1882, 230 men were shipped from Zanzibar, and a year later the Sultan gave permission for another 200 to be recruited. Labour was also obtained from further afield, and in March 1883 Mackinnon received a telegram asking for his help in carrying "five to six hundred

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1. MP. Sanford to Mackinnon, 14 February 1880.

coolies", apparently Chinese from Hong Kong. The requirements in terms of skills were later listed as follows: 4 shoemakers, 6 tailors, 12 carpenters, 6 joiners, 10 Blacksmiths, 24 gardeners and 532 ordinary workmen and porters. Recruiting was never easy, and Indian and Chinese labour was sought in various places, until Lord Derby, as Colonial Secretary, gave permission in 1885 for the Association to recruit in Sierra Leone.

Besides supporting recruiting generally, Mackinnon tried to enlist Gordon, and it is worth quoting a letter which he wrote to Gordon in July 1882, because it sheds light on his own motives for cooperating with Leopold and for wishing to be associated with what he regarded as civilising enterprises in Africa. He said:

> "... I believe already an amount not far, if at all, short of £100,000 has been expended on this Congo scheme by His Majesty and he is still spending on a large scale without desire for other reward than is found in the privilege of doing good on a great scale to the wretched people who have been trampled on and debased throughout the ages.
>
> I am sure a work like this cannot fail to attract and command your sympathy and to excite in you as it does in me a desire to lend a helping hand. The King will await your reply with much anxiety ..."[1]

Gordon's reaction was not favourable. He was not prepared to go out in circumstances which invited failure[2],

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1. N.L.S. MS. Acc. 4031. Mackinnon to Gordon, 27th July 1882.

2. Ibid., Gordon to Mackinnon, 9th November 1882.

and in particular he thought there was no hope of exercising government in the Congo until there was a flag[1]; but a year later he changed his mind in a surprising and typical manner. He said he would resign from the army provided the King would pay him £500 a year, the amount he would lose by resigning.

> "... if the King takes me, let H.M. clearly know I am for sale for life for £500 a year ..."[2]

In January he wrote to Mackinnon from Brussels and said:

> "... H.M. wishes me to go to Congo next month and wait events (i.e. till Stanley gives up) ... I promised the King in 1880 to come if he wanted me so I am bound to go and have no option ..."[3]

This was an odd letter considering what he had said in 1880, but before he could take up his duties he was appointed to command the Sudan expedition which led to his death. The largest fish which Mackinnon helped to play for was thus lost, but Mackinnon continued to support Leopold's efforts in the Congo, particularly by joining the opposition to the proposed Anglo-Portuguese treaty.

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The Portuguese laid claim to the Lower Congo, and by the end of 1882 the British Government had indicated that it was willing to enter into negotiations with a view to

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1. N.L.S. MS. Acc. 4031. Gordon to Mackinnon, 17th November 1882.
2. Ibid., Gordon to Mackinnon, 17th November 1883.
3. Ibid., Gordon to Mackinnon, 2nd January 1884.

recognising the claim on certain conditions. This move was prompted by news of French activity in the Congo. The French explorer Savorgnan de Brazza had made a "treaty" with a chief on the north shore of Stanley Pool, and it was feared that this might be the beginning of a serious extension of French authority which would lead to the restriction of trade. Portugal was an old ally which, it was hoped, would be susceptible to British influence, whereas France would certainly not be. If the Portuguese claim were acknowledged, therefore, it was anticipated that she would have the responsibility of governing the area, while British businessmen continued to enjoy the major share of the trade. Thus the French would be frustrated, while the extent of British influence would be made less obvious by the existence of formal Portuguese authority.

Alternative policies were annexation by Britain or recognition of the A.I.C.'s authority over the areas which it claimed to control. With public and parliamentary opinion still opposed to territorial expansion, annexation could not have been accepted as government policy, and it was not seriously considered. Recognition of the A.I.C.'s authority was a more attractive possibility, but the status of the A.I.C. was not clear. Britain could not sign a treaty with such an organisation as though it were a foreign power. Moreover,

as it was not backed financially by any government, but depended upon private subscriptions, its viability was in doubt. When negotiations with Portugal began the A.I.C. was regarded as a rather impractical philanthropic enterprise, and it was not taken very seriously by the British government until the Berlin West Africa Conference of 1884.

Negotiations with Portugal therefore began in December 1882, and a treaty was signed in February 1884, but it was never ratified for three main reasons. First, because Britain stiffened her terms. Second, because a strong lobby campaigned against the treaty in Britain, and finally because France and Germany opposed it.

Britain's terms were stiffened largely on the advice of Percy Anderson who had become the civil servant at the head of the Africa section of the Foreign Office in February 1883. He thought that the guarantees offered by Portugal were full of loopholes and, in particular, he objected to the fact that they were only offered for ten years. He suspected that the Portuguese would use the period to consolidate their position and thereafter abolish the liberal tarriff structure.

Anderson's objections were soon supported by a powerful lobby in Britain, which was opposed to the proposed treaty. The traders who provided the main strength for the lobby

preferred the existing anarchic situation to the prospect of Portuguese rule, which they feared would impose high tariffs and be run by extortionate officials. They were led by James Hutton, who was an energetic supporter of Leopold's, a friend of Mackinnon's and soon to be President of the Manchester Chamber of Commerce. Added to the protests of the traders were those of the humanitarians and Protestant groups - most notably the Baptist Union. The humanitarians objected because they doubted the sincerity of Portugal's anti-slavery policy, while the Protestants felt that Portugal, as a Roman Catholic country, would hinder their missionary activities.

Being a businessman, a humanitarian and a Protestant, Mackinnon was naturally an active member of the lobby. His association with Leopold gave him an additional reason, and indeed some people, such as Dilke (the Under-Secretary for Foreign Affairs) thought that Leopold really controlled the lobby. There is no doubt that Mackinnon still held a very naive view of Leopold's motives because as late as January 1885 he described the A.I.C. as "the noblest and most self-sacrificing scheme for Africa's development that has been or ever will be attempted."[1] But, in fairness to him it should be remembered that Leopold's methods had not been fully exposed by the mid-1880's; his machine for the exploitation of the Congo had not attained its later ruthless efficiency

1. Sanford Papers, Mackinnon to Sanford, 5 and 13 January 1885.

and many shrewder men than Mackinnon were also deceived. But, to revert to Dilke's opinion, it would exaggerate Leopold's influence to suggest that men like Mackinnon and Hutton only opposed the treaty because he wanted them to. They had their own very cogent reasons, although Leopold must have discussed the matter when Hutton and Kirk visited him in February 1883, and it is possible that he proposed that Mackinnon should lobby the Foreign Office, while Hutton organised opposition from commercial interests.

At any rate Mackinnon sent a memorandum to the Foreign Office in February in which he outlined the International Association's activities in the Congo[1]. He followed this up on the 19th of March with a letter to Lord Granville (who was then Foreign Secretary) which began as follows:

> "You were good enough to say you would receive a short memorandum from me regarding the conditions which would probably satisfy the commercial community of this country and at the same time meet the wishes of His Majesty the King of the Belgians and provide that security for his noble work without which it cannot ultimately succeed ... I believe it would be ... in accordance with His Majesty's wishes if things were allowed to remain on their present footing and no treaty made. I am sure it is also the desire of the entire mercantile community in this country that no extension of Portuguese sovereignty should be permitted".

In the brief memorandum which he sent with the letter he said:

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1. Anstey, op.cit., p. 127.

> "... the object of any present diplomatic action with regard to the Congo should be to secure rights actually existing, and to avoid creating or sanctioning any exclusive rights, or any claims which could interfere with free legitimate commerce, or with mission work or which could help to revive the slave trade ...".

He then suggested that Britain should undertake to police the river from its mouth as far inland as it was navigable, as a precaution against the revival of the slave trade. He thought that Portuguese claims should be recognised in so far as they had actually been exercised, provided they did not interfere with free navigation or the river or with the principles already mentioned. He proposed that the claims of the A.I.C., which he called the Belgian Association, should be recognised on a similar basis[1].

In making these suggestions Mackinnon was expressing views shared by Leopold, because shortly after he wrote the letter to Granville, quoted above, he received one written by Devaux[2], at the King's request, asking him in any discussions about the treaty to emphasise the importance of policing the mouths of the Congo[3]. These ideas, however, made little impression at the Foreign Office.

There, the official view was that Mackinnon had not made any practical suggestions, and in particular it was not

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1. F.O. 84/1804, Mackinnon to Granville, 19 March 1883.
2. Devaux was King Leopold's Chef du Cabinet.
3. MP. Devaux to Mackinnon, 20 March 1883.

understood how Britain could police the river while acknowledging the sovereignty of Portugal on the banks. Granville, who apparently agreed with this view, which was minuted to him, merely thanked Mackinnon for his letter and memorandum, but the matter could not be dismissed so easily, because Mackinnon, Hutton and Leopold had also discussed ways of arousing opposition in Parliament. As soon as Strauch, the Secretary of the A.I.C., knew that the question of the Anglo-Portuguese treaty was to be raised in the House of Commons, he sent documents to Mackinnon

> "... to show that the claims of the Portuguese were without any foundation ..."[1],

and Mackinnon agreed to circulate them to influential people. The pressure on members of Parliament bore fruit in the form of a number of questions, and finally in a debate, on the 3rd of April, during which Gladstone conceded that the treaty would not be ratified before Parliament had been given an opportunity to consider it. This was a notable triumph for opponents of the treaty. The government feared defeat if a vote were taken in the House, so it decided to postpone ratification pending international approval. Thus Hutton and Mackinnon and M.P.'s such as John Slagg and Jacob Bright, who had African interests, played an important part in preventing ratification of the treaty by prolonging negotiations. Their agitation also

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1. MP. Strauch to Mackinnon, 23 February 1883.

obliged the Foreign Office to press for an exceptionally liberal treaty[1]. Had negotiations been concluded a year earlier, international reaction might not have been so hostile. As it was the Anglo-Portuguese treaty was decisively blocked by German and French opposition, which largely arose from Britain's position in Egypt.

In 1881 a revolt of the Egyptian army ended Anglo-French financial control in Egypt, and the two countries planned a joint expedition to restore their position, but a domestic crisis prevented the French from participating, and the exclusively British expedition led to British occupation for over 30 years. This annoyed the French, who sought revenge by frustrating British designs elsewhere, and compensation by annexing territory in other parts of Africa. The Germans had their own reasons for exploiting the situation[2].

First, Bismarck was anxious to provide France with some cause which would distract her from the humiliating defeat of 1870, and the German annexation of Alsace-Lorraine. Second, Germany had developed ambitions for empire, but she thought that Britain regarded them unfavourably and a quite unnecessary misunderstanding aggravated German suspicions[3]. In February 1883 Bismarck had asked if Britain would protect the German settlement of Angra Pequena in South West Africa, but he did

1. Anstey, op.cit., p. 142.
2. Robinson and Gallagher, op.cit., pp. 76-121.
3. Ibid., p. 173.

not receive a reply. He then repeated the question but only got vague answers during the ensuing six months. The delay arose because the British government was consulting the government of Cape Colony, and because it did not attach much importance to the inquiry. Bismarck was thus offended and driven to the conclusion that Germany should pursue her colonial ambitions without British support. This gave him added reason for trying to widen the rift between Britain and France, and his policy in this respect was largely successful because between the end of 1883 and the beginning of 1885, Germany annexed South West Africa, Togoland, the Cameroons and a large part of East Africa. Finally, Bismarck was anxious to win more popularity before the German elections which were due to be held in the autumn of 1884, and as the British ambassador in Berlin reported he had "discovered an unexplored mine of popularity in starting a colonial policy ..."[1].

The result of the rather short-lived Franco-German entente was to prevent ratification of the Anglo-Portuguese treaty. France had protested against it in March, and in June Bismarck said that Germany would not recognise it. The Foreign Office could treat petitions from people like Mackinnon and Hutton fairly lightly, but it could not ignore Bismarck. It could not afford to court diplomatic isolation over a relatively minor issue like the Congo, particularly while it was so

1. Gifford and Louis, Britain and Germany in Africa, Yale, 1967, p. 7.

anxious to avoid German hostility to British policy in Egypt. Hopes of ratification were therefore abandoned, and Britain agreed to send representatives to the Berlin West Africa Conference which began in November.

In the meantime Leopold had been pursuing his own devious policy. Overtly, at least, he was less hostile to the proposed treaty than either Mackinnon or Hutton were. Hutton advocated outright rejection and Mackinnon favoured either rejection or drastic modification, but Leopold would apparently have been content with amendments to safeguard the interests of the A.I.C. The reasons for his moderation are not altogether clear, but it seems that he may have received a hint, early in 1884, to the effect that the British Foreign Office might in certain circumstances expose and publicise the nature of the treaties which the A.I.C. had made with chiefs in the Congo. The Portuguese in their own interests had already started to do this, because in January 1863, T.V. Lister, an Assistant Under-Secretary at the Foreign Office, had said to Mackinnon:

> "... I saw the Stanley treaties which were circulated by the Portuguese government and knowing the thoroughly liberal aims of the Belgian Association I did not for one moment imagine that they were intended to effect anything more than the protection of the Congo trade from the exclusive designs of de Brazza and the opening of that trade to all the world, but the wording of the treaties I saw was certainly calculated to convey the idea of a strict monopoly ..."[1]

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1. MP. T.V. Lister to Mackinnon, 4 January 1883.

In spite of this, Lister hoped that an arrangement might be made with Portugal which would not interfere with the Association's work. He still seemed to believe in its liberal aims, but a year later many people might have been persuaded that international trade would be more severely restricted by the A.I.C. than by the Portuguese, and this prospect was probably largely responsible for Leopold's approach. He was also preoccupied during the early months of 1884 negotiating for recognition of the A.I.C. In April he persuaded the United States to recognise its flag, on the understanding that Americans would enjoy free trade in the Congo basin, and on the following day France agreed to recognise it, on the understanding that she would have a pre-emptive right to the A.I.C.'s territory if the A.I.C. ever had to sell. After the agreement with France became known, opinion in Britain began to turn against Leopold, and the A.I.C. The agreement was considered anti-British, while the sincerity of Leopold's ideals came to be questioned openly.

The British Foreign Office, like almost everyone else, had misunderstood and under-estimated the A.I.C. The following minute written a year earlier, apropos of a letter from Mackinnon to Granville, expressed the typical Foreign Office view of the Association:

> "It is not a Belgian nor an English company, it has no charter or recognised position, it seems to be a small geographical and philanthropic society composed of members of various nationality who have

> been indulging their taste for exploration and road making at the expense of the King of the Belgians ...."[1]

The Foreign Office only began to appreciate the nature of the A.I.C's activities in 1884. This was largely on the basis of the information which Harry Johnston brought after his expedition to West Africa, where he had met Stanley and seen the work of the A.I.C. at first hand.

In the face of mounting suspicion, Leopold embarked upon the difficult task of trying to obtain recognition for the A.I.C. from Britain. He wrote personally to Granville, and also sent Strauch to try to explain and justify the agreement with France. Mackinnon, whose faith in the idealism of the A.I.C. was unshaken, helped by introducing Strauch to as many influential people as possible, while Hutton campaigned even more vigorously, and Stanley lectured at various important commercial centres in England on behalf of the A.I.C. A few days after Britain recognised the A.I.C. Strauch thanked Mackinnon for his help in the following extravagant terms:

> "... If the Association has been recognised by England, there is certainly nobody who has done more than you did to obtain that end. By your unceasing efforts and most valuable assistance the Association has now secured the friendship of England. The King addresses to you his warmest thanks and H.M. desires me to assure you that H.M. never will forget what you have done for the great African work which we should call your work ."[2]

1. F.O. 84/1804, A Minute to Lord Granville about Mackinnon's memo. of the 19th March 1883, which is quoted above.

2. MP. Strauch to Mackinnon, 18th December 1884.

The efforts of Mackinnon, Hutton and Stanley did not decisively move public opinion, or shift the stand of the government. The A.I.C.'s pre-emption agreement with France had caused too much resentment, while its real purposes were becoming increasingly suspect as more was revealed about the exclusive treaties it had made with various chiefs. The fact that Britain recognised the A.I.C. before the end of the year owed less to the campaign of these men than to Leopold's astute diplomacy, and to developments at the Berlin West Africa Conference.

France had recognised the Association because she feared the extension of British influence. Although the treaty with Portugal had not been ratified, there was still the prospect that it might be, and Britain seemed to present a greater threat to the French position than Leopold did. The British government conversely recognised the Association largely as a move against the French. She, like almost everyone else at the time, thought that the A.I.C. would almost certainly have to sell out to the French unless it were supported. Paradoxically, therefore, the pre-emption agreement, which was unpopular in Britain, had the effect of rallying help for the A.I.C. France had a high tariff policy so that, from a commercial point of view, any fate for the Congo was considered better than French dominion.

Reaction in Germany was very similar. By May 1884 Bismarck had laid the foundations for a Franco-German entente, and he was resentful of British policy in Africa. But he was surprised by the pre-emption agreement and, fearing the prospect of French domination in the area, he began negotiations with Leopold, which culminated in German recognition of the A.I.C. in November. This was given in return for a guarantee of freedom of trade for German citizens, and a guarantee that this freedom would be maintained even if the A.I.C. had to sell the territory to some other power.

At almost the same time the Berlin West Africa Conference began. This met under Bismarck's presidency and had been convened with very little reference to Britain. The significance of this was not lost on those who were anxiously hoping that Portuguese ambitions would be frustrated. In January 1885 Hutton reported that Consul Holmwood feared that Lord Granville would stand by and do nothing, and that they would have to look to Germany to help them out of the difficulty[1].

Fourteen powers were represented at the Conference, the most important being Germany, France, Great Britain, Portugal, and the A.I.C. The A.I.C. was not legally a state,

1. MP. Hutton to Mackinnon, 27th January 1885.

so it was not officially represented in the same way as the other parties to the Conference, but its interests were more than adequately cared for. Colonel Strauch and another man were sent by Leopold in an unofficial capacity, but more important was the presence of two strongly pro-A.I.C. members in the Belgian delegation and the presence, as co-opted members in the American delegation, of Sanford and Stanley, who were both very active members of the A.I.C.[1].

In the circumstances Leopold's cause came out of the Conference very well. The A.I.C. was recognised by Britain and Belgium, and at the last meeting Bismarck referred to the area as "the Congo Free State". With the territory thus firmly established as a legal entity, Leopold devoted his energy more wholeheartedly to the economic exploitation of the new state, and still with the support of Mackinnon, Hutton and Stanley.

The most ambitious project was for the construction of a Congo railway. Before the end of 1885 a Congo Railway Syndicate had been formed with 26 shareholders, including Mackinnon, Hutton and Stanley. They proposed not only to run a profitable railway but to take part in the economic development of the territory, and for this purpose they

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1. S.E. Crowe, The Berlin West Africa Conference, 1884-5, London, 1942, p. 97.

sought major concessions from the Congo Free State with regard to taxation, mineral rights, the provision of land and so on. The extent of the concessions demanded in fact were so great that they brought negotiations to an end. In September 1886, the Free State government said that it would not grant a charter because the proposed company would be too powerful for the sovereignty of the state. The fact that the promoters of the company insisted that it should be registered in Britain, and subject to British law gave added weight to the Free State's fears and to Belgian jealousy.

The upshot of this was that a Belgian syndicate was formed to build the railway, and British business did not get such a large share in the economic life of the Congo as it had expected. This was not an altogether surprising development, because Leopold had been noticeably less frank with his non-Belgian colleagues throughout the year. By April, Stanley was so annoyed at being kept in the dark that he said:

> "I might have been spared my suffering had the King been as generous to me as I have ever been to my loyal blacks ..."[1]

In September when he heard that their projected railway scheme was off he said:

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1. MP. Stanley to Mackinnon, 6th April 1886.

> "... I can see that everyday the King is closing the Congo against the English and seems resolved to make it more and more Belgian. Sanford is faithful to the King, and knows a great deal but will not tell because of the trading concessions he has obtained ..."[1].

Mackinnon's relations with Leopold also cooled considerably, but he did get a financial stake in the Congo. When the Congo Railway Company was established in 1889, he became a director and "William Mackinnon and Consorts" held the second largest block of shares in the company; the largest being held by the Belgian government[2]. Mackinnon also subscribed £800 to the Katanga company, but altogether he did not get an opportunity to participate in Congo projects to the extent which he had expected while he had been helping to frustrate the Anglo-Portuguese treaty, and to secure British recognition of the A.I.C. As the A.I.C. became established internationally, so Leopold felt less need to seek the support of his British friends by offering them generous terms. Mackinnon's reaction to this change of attitude on Leopold's part was surprisingly charitable, but he was probably less concerned than he might have been because his own interest in Africa was swinging back to the east coast.

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1. MP. Stanley to Mackinnon, 18 September 1886.

2. R. Anstey, op.cit., p. 208.

Interest in East Africa began to increase seriously in 1884, with the intensification of international rivalry over the continent, and the first moves were made by private individuals rather than governments. Early in 1884 Harry Johnston set out on an expedition to the Kilimanjaro area. This was primarily a scientific expedition, arranged on the initiative of Kirk, but it acquired considerable political importance. In July, Johnston wrote from Chagga to Lord Edmund Fitzmaurice, Parliamentary Under-secretary, painting a picture of the area in the most rosy colours. He said it was as large as Switzerland and

> "... capable of producing every vegetable production of the tropical and temperate zones, free from the tsetse fly, and inhabited sparsely by peaceful agriculturalists, skilled in native manufactures and capable and desirous of instruction ..."[1]

He thought it very suitable for European settlement and that it must become English, French or German within a few years. He pointed out that it was strategically situated between the sea and the great lakes of the interior, and he said that he could make it a colony as English as Ceylon without exciting much notice and for not more than £5,000. He gave a quite unrealistic idea of the difficulties which

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1. Johnston to Fitzmaurice from Chagga, 10 July 1884. Quoted by R. Oliver in Sir Harry Johnston and the Scramble for Africa, London, 1957, pp. 66-68.

would be involved, but his letter was taken seriously at the Foreign Office because Britain was concerned by the increasing interest shown in East Africa by other powers. She had been obliged to abandon the proposed treaty with Portugal about the Congo in the face of Bismarck's declaration that he would refuse to recognise it. At the same time Germany was establishing her position at Angra Pequena, so that Johnston's warning that the Kilimanjaro district would fall to some power within a few years was firmly underlined. His idea that it might be made a British colony was not pursued, however, largely because Kirk, who was consulted, said he saw no immediate threat to the district from any other power. Moreover he thought that a general scramble might be provoked if a British claim were made to the area, but he was not then aware that Carl Peters and three other Germans were on their way to East Africa on behalf of the Society for German colonisation. Nor did he know when Peters and his party landed at Saadani two days before Johnston departed for England. The detection of the Germans was made more difficult because they travelled under false names, and ironically they made the voyage from Aden aboard a B.I. ship.

Although Granville accepted Kirk's assessment of the situation, evidence of increasing German activity in East

Africa continued to mount. On the 1st of October Gerhard Rohlfs, who made no secret of his support for German colonisation, became Consul-General at Zanzibar. And in December 1884 Peters returned to the coast, having made a number of "treaties" with chiefs, purporting to surrender the sovereignty of large inland areas to his company. The German government had denied that there was any particular significance attached to the appointment of Rohlfs, and Peters had been warned by Bismarck that he could not expect government support for his enterprise. The German government had thus not openly declared any special interest in East Africa, but a body of opinion was growing in the British Foreign Office which advocated a more interventionist policy there in anticipation of claims being made by other powers. In particular, a memorandum was prepared for Gladstone, the Prime Minister, in December 1884 which recommended, in effect, that Britain should annexe territory in East Africa. The argument was that the east coast was strategically more valuable than the west coast because of Britain's commitments in India. Its highlands had a climate which was suitable for European settlement, the humanitarian crusade against the slave trade was concentrated in East Africa, and according to the memorandum, its commerce could be expanded vastly. It was therefore urged that Britain should

establish her authority in East Africa before others did, while merely seeking in West Africa the maximum freedom of trade and leaving territorial responsibility to others[1].

Gladstone was not impressed by these arguments and saw no need for doing anything, but German activity became more intense and overt. On the 3rd of March 1885, the day after the Berlin West Africa Conference ended, Germany published a Schutzbrief announcing that she had taken over the territories acquired by Peters. In the absence of any objection from the British government the strongest opposition to German encroachments came from private individuals like Mackinnon and Hutton.

In April Consul Holmwood, while on leave in England from Zanzibar, had asked Hutton to consider reviving the idea of Mackinnon's Concession scheme of 1878, with certain modifications. The most important was his suggestion that the port of Tanga should be leased from the Sultan and a railway built from there to the foot of mount Kilimanjaro, in the first instance. He thought this might later be extended to the great lakes and so create a relatively quick route by rail, lakes and river between Zanzibar and Khartoum. Holmwood, in his letter, stressed the relative attractions of the highlands to the west of mount Kenya. This area,

1. F.O. Memorandum of 9 December 1884. Quoted by Robinson and Gallagher, op.cit., p. 191.

later known as the "White Highlands" of Kenya, had been crossed the previous year by Thomson, and Holmwood was sure that it was rich in minerals and suitable for European settlement.

Hutton naturally consulted Mackinnon about the proposed scheme and they sent a memorandum about it to Lord Granville. They enclosed with it a draft based on Holmwood's suggestions, as well as a copy of Mackinnon's Concession of 1878, and sought immediate adoption of their proposals

> "... in order to maintain and extend British influence in East Africa, to develop British trade and to deal in a practical manner with the slave trade of the interior ..."[1]

Lord Aberdare followed up this memorandum, two days later, with a personal letter to Lord Granville, in which he said that he thought money could be raised for the railway provided concessions were obtained from the Sultan. He also said that Mackinnon did not favour Saadani, but would rather have the railway terminous at Dar-es-Salaam, because he had already spent money on a road from there[2].

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1. F.O. 84/1737, signed by Lord Aberdare (Chairman of the National African Company headed by Tubman Goldie), Mackinnon, Hutton, Henry Lee, Baron de Rothschild, John Slagg and Jacob Bright (two politicians with West African interests), and W.H. Holdsworth, 22 April 1885.

2. F.O. 84/1737, Lord Aberdare to Lord Granville, 24 April 1885.

Anderson, having interviewed Mackinnon, Hutton and Holmwood, wrote a memorandum on the 24th of April setting out the position as he saw it. He said:

> "... The origin of the scheme was fear of the Germans cutting us out in Zanzibar - a fear not unfounded."

The latest estimate he had for constructing the railway to Kilimanjaro was £700,000, but as far as the British government was concerned the promoters demands would in his opinion have amounted to

> "... (1) British protectorate over Kilimanjaro. (2) Government support for the negotiations for the concession. (3) Government undertaking for the security of the concession."

He thought there would be difficulty in dealing with a demoralised Sultan and foreign jealousy, but he said,

> "... if the Sultan were prepared to grant a concession with provision for full respect for foreign treaties and for maintenance of his sovereignty, I see no reason why we should object, with the territorial limits suggested, or even why we should not let Kirk give friendly assistance to commercial negotiations ..."[1]

The following day Villiers Lister, who received Anderson's memorandum, said:

> "... To my mind the weakest part of the scheme is that which has been most lightly passed over - the necessity for the complete subjection of the Masai ... Mr. Mackinnon and his railway might civilise these unpleasant savages, but considering their existence H.M.G. should keep very clear of all guarantees of protection for the enterprise."[2]

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1. F.O. 84/1737, Anderson memorandum of 24 April 1885.

2. F.O. 84/1737, Minutes by T.V. Lister, 25 April 1885.

In fact the Foreign Office reacted by telling Bismarck about the scheme, and saying that Britain would not consider supporting it if it might in any way conflict with German interests. In reply the Foreign Office was asked to defer any decision until a map was available to show the extent of the German protectorate. The map was ready towards the end of June, and the German government expressed no opposition, in principle, to the scheme. Any difficulties, it said, could be settled amicably.

In practice the difficulties which arose were not with Germany. Kirk had privately expressed the view that the Sultan would probably not grant a concession on the lines of the old Mackinnon Concession, but the real difficulties were between the sponsors and the British government. On the 2nd of July Anderson wrote a memorandum about a discussion which he had held on the previous day with Hutton. In this he said that Hutton

> "... had no faith in the likelihood of a railway paying for years to come, notwithstanding Holmwood's sanguine anticipations, and felt that there must be some mode of getting a return, through the Sultan, of the capital expended.
>
> I said that if the Syndicate would be satisfied with obtaining the contract for farming the customs, which would be in the market this year, there would probably be no great difficulty as to their securing it, but that I understood that Mr. Mackinnon would not be content without much more solid security.

> He replied that he thought that Mr. Mackinnon is half-hearted about the scheme, and that he had heard from him that the F.O. did not seem to think it practicable ..."[1]

The report about the views of the Foreign Office appears to have been incorrect, but it comes as no surprise to learn that Mackinnon was half-hearted about the scheme, because the view taken in this thesis is that he was also half-hearted about his first concession scheme by the time negotiations collapsed in 1878. We have Hutton's word for it that Mackinnon was half-hearted in 1885, and there is evidence which suggests that this was a fair assessment of Mackinnon's views. In March 1884 Mackinnon said to Sandford:

> "...I feel over-burdened with work and begin to fear this state of matters on my health ... My object now is and for some time past has been to curtail rather than extend my business engagements. I do not wish to make money as my wants are not great and I have already quite sufficient for these ..."[2]

A year later Harry Johnston was taken to see Mackinnon by Albert Grey (the future Earl Grey), who was very keen to follow up the achievements of Johnston's Kilimanjaro expedition by establishing some kind of British protectorate over the area. Johnston recalled in his autobiography that they went

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1. F.O. 403/94, Memorandum by Anderson of 2nd July 1885.

2. MP. Mackinnon to Sandford, 3rd March 1884.

> "... to see Mr. Mackinnon at the Burlington Hotel. We were admitted sans phrase, and Grey urged Mackinnon impetuously to take up my concession and send men out to settle on it and make East Africa British. Mackinnon declined. He refused to have any faith in East Africa ..."[1]

If Mackinnon really had so little faith in the future of East Africa, one may ask why he bothered to get involved in its affairs at all? The answer is that his attitude was ambivalent. As a humanitarian he felt it was his duty to try to bring the benefits of civilisation to the "dark continent", and he was anxious also to make a mark politically. In this connection it is worth noting that he only failed by 484 votes to get elected to Parliament in 1885. On the other hand his acute business sense made him very sceptical about the prospects of profiting from East African enterprises. His reluctance to risk money on doubtful ventures was strengthened by his chronic concern over his health, and the threat to it from over-work.

The upshot was that the proposals based on Holmwood's memorandum came to nothing. Mackinnon in effect wanted a government quarantee for any concession, but the government was not prepared to give it. Anderson thought that British traders were being unduly timid, but subsequent events were to justify Mackinnon's scepticism.

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1. H.H. Johnston, The Story of my life, London, 1923, p. 139.

In the meantime German influence was extended in East Africa. She established a protectorate over Witu and the surrounding area, and then declared that she only recognised the Sultan's sovereignty over Zanzibar and Pemba. Barghash protested strongly against these moves, but in the absence of backing from the British government, his protests were of no avail. Indeed, far from objecting, Gladstone welcomed Germany as a colonising power. With continuing difficulties in Egypt, the Mahdist rising in the Sudan, where Gordon had been killed in January, and the danger of war with Russia over the Penjdeh incident, Britain had no desire to add to her problems by quarrelling with Germany about East Africa. The old policy of exercising influence by supporting the Sultan was therefore abandoned, and the British and German governments agreed to appoint commissioners to investigate the "just limits of the Sultan's domain". In other words they agreed to settle their differences amicably at the Sultan's expense. Kirk who had been primarily responsible for carrying out the old policy was most incensed by the turn of events and said to Mackinnon,

> "... you can have no idea of the position I have held for several months, never sure but I would be sacrificed to make way for German schemes to which I am of course an obstacle ..."[1]

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1. MP. Kirk to Mackinnon, 31st August 1885.

Lord Salisbury did not feel so obliged to help the Sultan as Kirk did, but British policy did become a little more resolute after he took over as Prime Minister and Foreign Secretary in June 1885. His government, like Gladstone's before it, was in danger of being accused on the one hand of wasting money on jingoistic wars and of burdening the country with additional responsibilities, and on the other of failing to secure British interests in the face of competition from European powers. Governments tried to avoid this dilemma by establishing spheres of influence, formally or otherwise - the proposed treaty with Portugal was an example of this - but by the middle of 1885 international rivalry had become so intense that Lord Salisbury was prepared to pursue a more forward policy than he had advocated before. In 1878 he had sabotaged the negotiations for Mackinnon's Concession, but by 1885 he was willing to encourage British private enterprise in Africa. Some years later he said:

> "When I left the Foreign Office in 1880, nobody thought about Africa. When I returned to it in 1885, the nations of Europe were almost quarrelling with each other as to the various portions of Africa which they could obtain. I do not exactly know the cause of this sudden revolution. But there it is. It is a great force - a great civilising Christianising force."[1]

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1. Lady G. Cecil, Life of Robert, Marquis of Salisbury, vol. iv., London, 1921, p. 310.

The extent to which Lord Salisbury's views had changed was illustrated early in 1886, when he accepted a recommendation which Kitchener had made in December 1885, and proposed leasing a port at Mombasa. The purpose was largely to counter the Germans, who had obliged Barghash to cede rights at Dar-es-Salaam in October 1885, after the Delimitation Commission had been set up. The proposal was frustrated by opposition from the Treasury and the Admiralty, but Lord Salisbury was already furthering British policy indirectly.

In October 1885 Anderson, acting in his "private" capacity, but with Lord Salisbury's approval, advised Harry Johnston to hand over to Hutton the rights which he had obtained from his treaties with the chiefs of the Taveta area. Johnston accepted this advice and on the 31st October sent his "agreements" to Hutton saying,

> "... as my concessionaire you may lay claim to prior rights to the portions of the country herein designated, and these rights under certain conditions, will receive due support from Her Majesty's Commissioner on the Zanzibar Delimitation Commission ... You here possess the last chance of securing Kilimanjaro and the direct route to the Victoria Nyansa ..."[1].

Johnston emphasised that the Foreign Office regarded the agreements as perfectly legal, but Hutton's problem was how to reach a decision quickly enough, because the British Commissioner, Herbert Kitchener, was due to leave on the

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1. MP. H.H. Johnston to Hutton, 31st October 1885.

6th November, and Mackinnon, the obvious man to consult, was out of London. Hutton sent a copy of Johnston's letter to Mackinnon and said:

> "This concession may form the basis of the action we propose to take for the Railway Company and if I have your consent I propose inviting a small meeting of Slagg, Houldsworth and other M.P.'s here ..."[1].

Hutton's letter is interesting because it shows that they had not abandoned hope for the railway scheme, and Mackinnon must have sent his approval immediately, because Hutton was able to tell Kitchener that he would accept the concession.

Nothing much happened for some time after this, but in March 1886 the Foreign Office authorised an expedition to the Kilimanjaro area. In the letter to Mackinnon about this, it was stated that the German government had been informed that the British capitalists who were interested in opening up the area might be alarmed lest the German expedition into the interior should encroach on their rights to the Taveta Concessions and might wish to send agents to protect their interests. The German government raised no objection provided it was understood that the questions concerning the Sultan's rights, which

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1. MP. Hutton to Mackinnon, 2nd November 1885.

were to be examined by the Commission, were not pre-judged. The Foreign Office gave permission for an expedition on this understanding, but at the same time asked Mackinnon to comment on a reference in the German reply to negotiations between the German East Africa Company and the English company[1]. Mackinnon said that he had not been directly in communication with Carl Peters, who represented the German company, but, he said,

> "... through a third party I have been asked whether the friends interested with me in the concession referred to would dispose of it to the parties represented by Dr. Peters and his German associates and join them to the extent of ⅓ in a proposed German/English Syndicate to facilitate raising of capital in London and elsewhere for the German East Africa Company.
>
> The proposals do not commend themselves to those interested with me in the Kilimanjaro district and a verbal reply to this effect was promptly given ..."

However, he said that negotiations had taken place two or three months previously about the possibility of Dr. Peters and his organisation acquiring 70 miles or so of road which had been built from Dar-es-Salaam. Having ascertained from the Foreign Office that British interests would not be served by retaining rights to the road, he had expressed his willingness to sell it, provided Sir Thomas Fowell Buxton consented. He had also told Peters that,

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1. F.O. 84/1783. F.O. to Mackinnon, 27th March 1886.

subject to government approval, he was willing to discuss arrangements for B.I. ships to call at points on the Somalia coast and at Dar-es-Salaam[1]. He was expecting Peters to call on him at any time, but the negotiations apparently did not make much progress because in August they sent a memorandum to the Foreign Office entitled "Report of an exchange of views between Mr. Mackinnon and Dr. Peters on East African affairs, stating the points which the parties consider a possible basis of a mutual understanding between the German and English interests in East Africa". Basically they were agreed that cooperation would be of mutual benefit, but they differed about the areas involved. Peters claimed that the German company had acquired rights over the bulk of the central east African continent - from the Tana to the Ruvuma river and apparently including the Kilimanjaro district. Mackinnon did not recognise German claims to the Kilimanjaro or "Kenia provinces", and he thought that a lot of the territory concerned belonged to the Sultan. However, if their governments agreed, he said, he would not object to repaying the German company for any outlay it had incurred in any territory which became the property of the British company[2]. These amateurish negotiations ended in some confusion when Mackinnon thought

1. F.O. 84/1783, Mackinnon to F.O., 9th April 1886.
2. F.O. 84/1790, Memorandum of 14th August 1886.

that Peters had said that Bismarck either had or would subscribe to the German company. Peters was very embarrassed by this and apologetic letters, trying to clear up the misunderstanding, followed, but by then their efforts had been overtaken by the Anglo-German boundary agreement at the end of October. This agreement also settled the problem of the Kilimanjaro district.

The small expedition, authorised by the Foreign Office and outfitted by Smith/Mackenzie, had arrived in the district in June, and in September the leader, J.W. Buchannan, had returned to Zanzibar with confirmation of the treaty for the Taveta district. This did not cover the whole area of Johnston's treaties, but spheres of influence were established, about six weeks later, when the British and German governments agreed:

a) To recognise the Sultan's sovereignty over a coastal strip about ten miles wide, and over the islands of Zanzibar, Pemba, Mafia and Lamu.

b) That the British government would support negotiations for lease of the customs duties at Dar-es-Salaam and Pangani to the German East Africa company.

c) That the mainland would be divided into British and German spheres of influence. The British sphere to be north of a line running from the mouth of the river Umba to the northern base of Kilimanjaro and then to the point where the first degree of south latitude strikes the east side of Lake Victoria.[1]

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1. Coupland, Exploitation, op.cit., p. 474.

The major weakness of this agreement was that it did not define boundaries to the west of the spheres of influence, so that Uganda and the region round lake Victoria remained open to continued rivalry. At the same time the need for some kind of settlement of European interests in the area was becoming acute, because Egyptian authority had been destroyed in the Sudan, except in Equatorial Province which was the most southerly part of it.

The death of Gordon in January 1885 had stimulated interest in the Sudan and in the following month the government, hoping to restore its lost prestige, ordered the construction of a railway between Suakin, on the Red Sea, and Berber which is about 300 miles to the west of it on the Nile. After wasting a good deal of money the government abandoned the scheme in May, but the humanitarians who had supported it held a meeting on July 22, 1885, at which they tried to mobilise private enterprise in support of a venture into tropical Africa[1].

From the point of view of Mackinnon the meeting was significant for two reasons. First, many of those were to help him when he sponsored the Emin Pasha Relief Expedition a year later were present. People such as Stanley, Hutton, Horace Waller, and Baroness Burdett-Coutts. Second, the

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1. R. Gray, op.cit., p. 192.

Emin Pasha Relief Expedition was in some respects foreshadowed, because Stanley appealed to those who lamented the death of Gordon to unite their influence and to raise sufficient funds to send an expedition via the Aruwimi, a tributary of the Congo, to contact remnants of the Egyptian administration[1]. After the meeting Baroness Burdett-Coutts and Cardinal Manning formed a committee to promote an expedition, but although nothing came of these initiatives the ideas then aired were readily revived when news of Emin Pasha aroused fresh interest the following year.

Emin Pasha[2], who had been one of Gordon's subordinates, still held out in Equatorial Province, and news about his perilous position began to reach the outside world largely through letters which he wrote to Mackay, a missionary in Uganda, and R.W. Felkin, an Edinburgh doctor who had been a friend of Emin's since they met in the Sudan in 1878. Felkin had also been a missionary in Uganda for a short time having travelled out via the Nile route in 1878 and returned in 1879.

A more dramatic source of news, perhaps, was the German explorer, Junker, who emerged from Equatoria during the summer of 1886. A letter from him prompted Holmwood,

1. R. Gray, op.cit., p. 194.
2. Emin Pasha was born in Silesia as Edouard Schnitzer.

who was then Consul at Zanzibar, to send the following telegram to Iddesleigh:

> "News from Uganda. 12 July. Junker left for Zanzibar. Terrible persecution broken out, all native Christians being put to death. Missionaries in extreme danger, urgently requests our demanding from King their being allowed to withdraw. Emin at Wadelai holds province, but urgently needs amunition and stores. Objects, if he can avoid it deserting the 4,000 loyal Egyptian subjects there. No time to be lost if assistance decided on."[1]

In the same month Holmwood recommended that an expedition should be sent inland to suppress Mwanga[2], who had been persecuting Christians in Buganda, and also to establish a base by Lake Albert

> "from which any further operations ... for the retention of the Upper Nile could be taken effectively and without anxiety."[3]

Equatorial Province was attractive strategically because it appeared as if it might give control of the sources of the White Nile, and of the area between the Congo Free State and the spheres of British and German influence where European authority had not been established. Emin's plight also had an appeal to the public which was well expressed in the Times which referred to

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1. F.O. 84/1775, Holmwood to Iddesleigh, 23 September 1886.
2. Mwanga was the Kabaka of Buganda.
3. F.O. 78/3930, Holmwood to Baring, 25 and 27 September 1886.

> "... the marvellous resistance of the solitary European to a host of furious fanatics to whom Gordon himself had succumbed ... England was not originally responsible for his tenure of his post or safety, except so far as most Englishmen are proud to accept a measure of liability for the acts of General Gordon. Its present relation to Egypt, and the course it has pursued in the Soudan have rendered it liable for his lieutenant now ..."[1]

Mackinnon had, of course, become involved in the Emin Pasha affair well before the Times' leader was written. As early as 29 September he had told Sanford that "the opportunity which his (Stanley) going there offers of extending British influence from the coast up to Wadelai is one which if ... not taken advantage of now, will be lost for ever."[2]

This view appears to have received encouragement very largely from Kirk who, as soon as he knew the terms of the Anglo-German Agreement at the end of October, told Mackinnon that they had the best line for a railway if ever one was made.

> "We also have the Equatorial Province now held by the brave Emin Bey, well governed and quiet to this day ... and you will see we have an opening as good as any ..."[3]

A week later he said "Our hands are free and we hold the situation if we act at once"[4]. It was later suggested that Wadelai might be the last in a chain of stations from the coast.

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1. The Times, 2 December 1886.
2. Mackinnon to Sanford, 29 September 1886, cited by I.R. Smith, "The Emin Pasha relief expedition 1886-90" (Oxford University Ph.D. thesis, 1969).
3. MP. Kirk to Mackinnon, 30 October 1886.
4. MP. Kirk to Mackinnon, 6 November 1886.

Kirk's letters conveyed an exaggerated idea of what had been secured for British interests in the interior, but Mackinnon was convinced that the time had come for action and in mid-November he wrote to Sir James Fergusson at the Foreign Office and said, that there was a general feeling in the country in favour of opening communications with Emin, and he thought that government should take some action and consider securing Stanley's services. A few days later he forwarded a letter from Stanley in which Stanley offered his services free of charge, estimated that the expedition would cost about £20,000, and forecast that Emin could be reached by June 1887. On November 20 Sir James wrote a brief memorandum recording that he had separately and several times seen Mackinnon and Hutton about the Emin scheme. He said:

> "Mr. Mackinnon offers to find £10,000 for the establishment of trading posts on route and Mr. Hutton says that others including himself will subscribe, their object being to form a large trading colony from the Mombasa base ...
>
> The question is whether H.M.G. can find such a sum as is required for a private expedition though for an object political as well as philanthropic ..."[1]

He went on to suggest that enquiries be made to ascertain if the Egyptian government would be willing to contribute. Mackinnon told the Foreign Office that he would be willing to find £10,000 if a similar amount were made available through Her Majesty's Government, This allowed

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1. F.O. 84/1784. Memorandum of 20 November by Sir James Fergusson.

for the government obtaining the money from other sources, and the government of Egypt soon agreed to subscribe, but Salisbury made it very clear that the British government would not get deeply involved, because he sent the following reply to Hutton:

> "If Mr. Stanley goes it is possible he may be seized and detained ... If he goes at the cost and under the auspices of H.M. Government the responsibility of rescuing him will fall on them ... no renunciation of this on their part could release them.
>
> While therefore willing to give all facilities within their power, they cannot take any action which would make the expedition other than a private effort."[1]

Hutton was not happy about this reply and told Mackinnon that he would contribute £1,000, provided it was not to be a mere relief fund. He regarded it as government's duty to relieve Emin, but if they would do nothing, he thought Mackinnon could raise money without difficulty by an appeal to the public. His own idea was to form a "Syndicate for establishing British commerce and influence in East Africa and for relieving Emin Bey". He sent a draft for this purpose to Mackinnon in which he explained that the main objects of the Syndicate would be

(1) To take over and extend the Taveta Concession.

(2) To open a direct route to Victoria Nyansa and the Sudan.

(3) To obtain a government sanction to administer the area under a chartered company similar to that of the Royal Niger Company.

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1. MP. Quoted by Hutton in his letter to Mackinnon of 27 November 1886.

The area in question was in fact very ill-defined and was to depend on negotiations with the Sultan of Zanzibar. Roughly, however, it was to exclude territory already claimed by other powers, but to comprise an area from the Sultan's domain along the coast to Lake Victoria. One objective of the scheme was to equip an expedition, with Stanley in command, to relieve Emin. Hutton suggested that £60,000 should be raised in the first instance, of which between £10,000 and £15,000 should be spent on the expedition. Although the relief expedition would only be part of the scheme he expected it to contribute to the wider purposes because the draft stated that any concessions, treaties, properties or other advantages obtained by Stanley would be for the benefit of the Syndicate[1]. Mackinnon did not entirely agree, so before the end of December Hutton produced an amended draft which had been prepared after consultation with Sir Percy Anderson. This dealt in more detail with the administrative role proposed for the Syndicate and provided even less money for the expedition[2], but Mackinnon had by then decided to go ahead with it.

He could not disapprove in principle of Hutton's proposals, because they clearly owed a great deal to his own earlier attempt to get concessions from the Sultan, but unlike Hutton he was prepared to back a relief expedition without

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1. MP. Hutton to Mackinnon, 27 November 1886.

2. MP. Hutton to Mackinnon, 21 December 1886.

having a lot of other declared objectives. He knew from experience that prolonged negotiations would be necessary to establish the sort of commercial enterprise which Hutton wanted but he felt that no more time should be lost.

In insisting that the matter was urgent Mackinnon shared the views of Kirk and Anderson[1], but as regards objectives the principal parties were not in agreement. Baring's purpose was the most straight forward. He wanted Emin evacuated so that the last vestiges of Egyptian claims to Equatoria could be severed. Salisbury and Iddesleigh were anxious that the Government should not be held responsible for the expedition. They did not want Emin to become another Gordon or Wadelai another Khartoum, so their immediate objective was the same as Baring's, but Professor Sanderson has suggested that Salisbury's approval of the expedition

> "may well represent his first steps towards a policy which he was gradually to develop in the course of 1887 and 1888 --- that of encouraging private enterprise to peg out claims in regions of East Africa where the Germans were sooner or later likely to be active."[2]

Here, one might argue that Salisbury took his first steps towards this policy in 1885 when he encouraged Johnston to hand over his Taveta Treaties to Hutton, but the difficulty of determining all of Salisbury's motives is illustrated by

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1. FO., 84/1775, Memo by Anderson, 18 October 1886.

2. G.N. Sanderson, England, Europe and the Upper Nile, 1882-1899, Edinburgh, 1965, p. 34.

referring to the rather different opinion of R.O. Collins, who said that, to Salisbury and Anderson, in 1886,

> "Equatoria was devoid of any economic or strategic importance. Their bemused interest in the plight of Emin Pasha sprang from Victorian charity, not from unscrupulous designs of empire."[1]

Here it is perhaps relevant to refer to Salisbury's frequently quoted suggestion that

> "the Germans should be placed in possession of our information. It is really their business if Emin is a German."[2]

Anderson's motives underwent a change. Initially he and Kirk wanted the expedition to help Emin to withdraw[3], but after the Anglo-German Agreement and the arrival of letters from Emin offering his Province to Britain, Emin was told at the beginning of December, that the expedition would help him to remain[4]. Anderson's change of mind may also have been occasioned by his suspicion of German designs, aroused by the suggestion that Junker should lead the Relief Expedition[5]. When Mackinnon heard of this suggestion he stipulated that the leader of the expedition must be an Anglo-Saxon[6].

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1. R.O. Collins, "Origins of the Nile Struggle", in Gifford and Louis, op.cit., p. 140.
2. FO. 84/1775, Salisbury, Minute on Holmwood to Iddesleigh, 23 September 1886.
3. FO. 84/1775, Memo. by Kirk, 13 October 1886. Cited by Smith, op.cit., p. 93.
4. Kirk to Emin, 1 December 1886. Cited by Smith, op.cit., p.93.
5. Collins, op.cit., p. 125.
6. Gray, op.cit., p. 201.

Mackinnon's motives, although mixed, are fairly clear. He was attracted by the romantic idea of rescuing Emin, he anticipated that some profit might be made from the stores of ivory which were reputed to exist in Equatorial Province, there was a possibility that Emin might remain as his company agent, and in a way which he did not specify in detail he hoped that the expedition would promote his commercial ambitions in East Africa. In the second week of December, therefore, he sent a telegram to Stanley, who had just begun a lecture tour in America saying:

> "Your plan and offer accepted. Authorities approve. Funds provided. Business urgent. Come promptly. Reply."[1]

Anderson understood from Mackinnon that Stanley would go as the private agent of a private company, and that if he lost his life there would be no more obligation on the British Government to avenge him than there was to avenge Bishop Hannington[2]. Stanley got back to England in time to attend the first meeting of the Emin Pasha Relief Committee on 29 December 1886, but it was not clear what had been approved[3].

The Government hoped to assuage public opinion, with someone else accepting the expense and responsibility for the

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1. H.M. Stanley, In Darkest Africa, p. 34.

2. FO. 84/1794. Memo. of 30 November by Anderson following conversation with Mackinnon.

3. Sanderson, op.cit., p. 33.

expedition, but the principal backers had opposite objectives. Baring and the Egyptian Government wanted it to help Emin to withdraw, while Mackinnon and his Committee wanted it to help him to remain. The first duty of the expedition was to carry letters from the Egyptian Government confirming that they were abandoning the Sudan and urging Emin and his followers to withdraw and return to Egypt[1]. If they declined to do so they could remain as the employees of some other agency, and thus the different objectives of the chief sponsors could be reconciled.

* * * * *

The Committee approved the action already taken by Mackinnon, who was Chairman, and put £2,000 at Stanley's disposal with authority to spend it at his discretion to meet current expenses. The Relief Fund was raised as follows[2]:

1. D. Middleton, The Diary of A.J. Mounteney Jephson. Emin Pasha Relief Expedition, 1887-1889, Cambridge, 1969, p. 53.

2. H.M. Stanley, In Darkest Africa, London, 1890, p. 35. Other members present were: the Hon. G. Dawnay, Col. Grant, Ld. Kinnard, Sir F. de Winton who became the Secretary. The Committee was later increased by the addition of W.A.L. Bruce, W. Burdett Coutts, James Hutton, Sir John Kirk, G. Mackenzie and Sir Lewis Pelly.

	£
Sir William Mackinnon, Bart.	2,000
Peter Mackinnon, Esq., ...	1,000
John Mackinnon, Esq.	300
Baroness Burdett-Coutts	100
W. Burdett-Coutts, Esq.	400
James S. Jameson, Esq.	1,000
Countess de Noailles	1,000
Peter Denny, Esq., of Dumbarton	1,000
Henry Johnson Younger Esq., of the Scottish Geographical Society	500
Alexander L. Bruce, Esq., of the Scottish Geographical Society	500
Messrs. Gray, Dawes & Co. of London ...	1,000
Duncan Mac Neil Esq.	700
James F. Hutton, Esq., of Manchester ...	250
Sir Thos. Powell Buxton	250
James Hall, Esq., of Argyleshire	250
N. McMichael, Esq., of Glasgow	250
Royal Geographical Society, London ...	1,000
Egyptian Government	10,000
	£21,500

The next meeting was a special one held on the 9th January 1887, in Mackinnon's absence, to consider a proposal from the Congo Free State that the expedition should follow a route from the Congo. The route already approved was westwards from Zanzibar via the south end of Lake Victoria, but the Committee decided that the Congo route would be preferable provided sufficient naval transport was assured to the expedition on arrival at Stanley Pool. This assurance was received three days later, so Stanley was authorised to use the route, and before the end of the month Barghash had given permission for the 500 Zanzibaris who were being recruited to be taken to the Congo.

Various reasons were given for the decision to go via the Congo. In his autobiography Stanley said:

> "... The advantages of the Congo route were about five hundred miles shorter land journey and less opportunities for desertion of the porters ... It also quieted the fears of the French and Germans that behind this professedly humanitarian quest we might have annexation projects ..."[1]

What he did not mention was that he had visited Leopold on 30 December, a few days before the Congo Free State made its proposals to the Committee, nor that Leopold had refused to release him unless the Congo route were used[2]. Another unmentioned consideration was that if he travelled from the east coast it might appear that he was following in another's footsteps, whereas on the west coast he was familiar with the way as far as Stanley Falls and would be more or less on his own ground[3].

The Relief Committee had favoured the east coast route because this would have enabled Stanley to make treaties which could be used in support of claims for the company which Mackinnon hoped to charter[4]. However, as it could hardly over-rule Stanley's wishes it appealed to the British Government to provide a ship to carry the expedition from

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1. Stanley, Autobiography, London, 1909, p. 355.
2. Smith, pp. 118 and 129-130.
3. Middleton, op.cit., p. 50.
4. Smith, op.cit., p. 129.

Zanzibar to the Congo, on the grounds that its funds would not be sufficient to enable it to fulfill the objects of the expedition using the Congo route, because of the cost of transport from Zanzibar to Banana Point. In support of its appeal it said:

> "... the adoption of the Congo route would prevent any misfortune happening to the missionaries, French and English now in the power of Mwanga, King of Uganda ..."[1]

It was feared in London and Paris that Mwanga might react to the presence of an expedition near his borders by killing the British and French missionaries[2].

Leopold's motives for what Stanley described as his generous offer of assistance were not explained in any detail, but he presumably hoped to use the expedition as a lever to strengthen the Free State's position and to extend its territory north-eastwards to the area of the headwaters of the Nile, and even the Sudan, where the authority of European powers had not been established. He also had hopes of securing Emin's services. Stanley fell in with Leopold's wishes, because he was employed by the Congo Free State and because he had, in any case, originally favoured the Congo route. Nevertheless he had almost certainly resolved to satisfy Mackinnon by using the East Africa route to Zanzibar for his return journey[3].

1. MP. Relief Committee to Salisbury, 12 January 1887.
2. Sanderson, op.cit., p. 35.
3. Smith, op.cit., p. 131.

In the event Leopold was to be disappointed by the expedition, and the British government did not agree to provide a ship, although the Admiralty supplied over one thousand tons of coal free of charge for use by the B.I.'s ship Madura.

Stanley left England on the 21st January 1887 and, having spent a little time in Cairo, arrived at Zanzibar on the 22nd February. While there he claimed to have settled "several little commissions" satisfactorily. He said,

> "... one was to get the Sultan to sign the concessions which Mackinnon tried to get a long time ago ..."[1]

It was typical of Stanley to claim the credit, but he certainly did not deserve it all because it was on the very day he arrived at Zanzibar that Barghash sent a telegram to Mackinnon saying:

> "We are ready to agree to the concessions you formerly proposed if an influential association under your Presidency is formed and British government approves ..."[2]

Holmwood later explained that he had gone to the palace at Barghash's request, where he had found the Sultan on the verge of distraction after his succession of troubles.

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1. Stanley, In Darkest Africa, p. 68.

2. F.O. 84/1852, Barghash to Mackinnon, 22 February 1887.

> "After reviewing the position in all its bearings", Holmwood said, "I stated my conviction that his best chance at the present juncture was to offer an unreserved acceptance to the Concession scheme which had been suggested by Mr. Mackinnon ..."

Holmwood said it was late in the day and he did not know how far the British government might support the scheme, but the Sultan agreed to the proposal and Holmwood drafted the telegram which was sent on the same day[1]. That was on the 22nd February, and Stanley did not meet Barghash until the following day, when he presented a personal letter from Mackinnon, which concluded as follows:

> "... I pray you in these circumstances to communicate freely with Mr. Stanley on all points ... as freely as if I had the honour of being there to receive the communications myself.
>
> With the repeated assurance of my hearty sympathy in all the affairs that concern your Highness's interests ..."[2]

Having delivered this letter, Stanley had a long conversation with Barghash, during which they must have discussed the terms of some sort of concession scheme, because at the end, according to Stanley, Barghash said:

> "Please God we shall agree. When you have got the papers ready we shall read and sign without further delay and the matter will be over."[3]

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1. MP. F.O. 84/1852, Holmwood to Foreign Office, 14 March 1887.

2. Quoted by Stanley, In Darkest Africa, p. 62.

3. Ibid., p. 62.

Many people realized that Barghash had not much longer to live and that an important stage had been reached in the history of East Africa, and Kirk and Holmwood had been urging him for some time to enter into some kind of agreement.

What followed Barghash's decision will be related in the next chapter. As regards the Emin Pasha expedition, Stanley left Zanzibar abroad the Madura with over 600 people on the 25th of February, 1887, and arrived at the mouth of the Congo on the 18th of March. He did not meet Emin Pasha, however, for another 13 months, and when he did he was disappointed by Emin's manner and appearance. He had expected a tall, resolute, heroic, military figure, but instead he thought Emin small, insignificant looking and indecisive, and he later complained to Mackinnon, saying:

> "... You are aware that our instructions were to carry relief to Emin Pasha, and to escort such as were willing to accompany us to Egypt ... Instead of meeting with a number of people only too willing to leave Africa, it was questionable whether there would be any except a few Egyptian clerks ..."[1]

Emin and his Sudanese troops were probably equally unimpressed because the advance party of the expedition was extremely ragged and so exhausted that it could bring little relief. However, Stanley became increasingly exasperated as the days passed, and on the 3rd of May he put three propositions to Emin. First, that Emin should remain in Egyptian

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1. MP. Stanley to Mackinnon, 17 August 1889.

service and accompany him to Egypt. Second, that Equatorial Province might be governed by the Congo Free State with Emin as governor, holding the rank of general, and on a salary of £1,500 a year. This proposition was made on Leopold's behalf and the alleged purpose was to prevent the lapse of the province to barbarism. It was made, however, on the understanding that the province would yield a reasonable revenue. The third proposition was that Emin should accompany Stanley, with such soldiers as were loyal, to the north-east corner of Lake Victoria, and there allow Stanley to establish him in the name of the East Africa Association[1].

In a letter to Mackinnon, Stanley said:

> "... my idea was to make use of his great force as a colony of men amenable to law and discipline, by which your territory could be governed and disciplined ...."[2]

In reply Mackinnon said:

> "... I entirely approve of everything you have done and all that seems to be in your mind to do with regard to Emin and the territories between Mombasa and the centre of the continent ... The company ... is in a position to give effect to any arrangements you have made with Emin, or to any engagements you have undertaken for them ... We count on having you - after you have had a rest at home - to act as Chief Administrator of the company's affairs at Mombasa as long as you like ..."[3]

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1. Stanley, In Darkest Africa, p. 386. Note: The East Africa Association had been established in 1887 with Mackinnon as President.

2. MP. Stanley to Mackinnon, 3 September 1888.

3. MP. Mackinnon to Stanley, 5 April 1889.

Before Stanley received Mackinnon's reply Emin had rejected the first proposition because he was sure that most of his people would not agree to return to Egypt, and he rejected the second apparently on the grounds that he could not change his allegiance from one flag to another so readily, and because he was doubtful if adequate communications could be maintained between the Congo Free State and Equatorial Province. In the circumstances he thought the last proposition was the most reasonable. His soldiers were unwilling to return to Egypt and he could not expect the thousands of refugees, women and children, for whom he felt responsible to travel such a long way, but he thought they could manage a journey as far as Lake Victoria.

Stanley said he had no authority for making the final proposition, but he was confident that it would be approved. He was in an embarrassing position because when Leopold had urged the expedition to use the Congo route, one reason he had given was that he was unwilling to allow a break in Stanley's connection with the Congo State. On the other hand in Mackinnon's letter to Barghash, which Stanley must have seen, Mackinnon said that Stanley's

> "... services would be entirely devoted to the expedition during its progress, and he cannot deviate from its course to perform service for the Congo State ..."[1]

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1. Stanley, In Darkest Africa, p. 61.

By 1888 Stanley favoured Mackinnon's scheme, partly because of the treatment which he had received at the hands of Leopold from 1884-1886, and partly because of the difficulty of the route from the west coast which he had experienced. Certainly at the end of the expedition he said to Mackinnon:

"I considered myself only as your agent."[1]

He may not have been told the precise terms of the offer to be made from the East Africa Association[2], but he must have known the kind of outcome that Mackinnon hoped for. This was stated clearly by Mackinnon for example in a letter which he wrote later in the year to George Mackenzie, the Administrator of the Imperial British East Africa Company (I.B.E.A.)[3]. He said:

> "... We are all extremely anxious to be first with Emin and if possible to get him to join hands with the Company. You are aware that Dr. Felkin has had a great many letters from Emin authorising him to make arrangements with a company like ours to take Emin and his Province under our wing leaving him to govern as he has hitherto done. This authority Felkin has availed of to make a transfer to us, subject to ratification by Emin, and this document is being put in legal form for Felkin's signature. Although

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1. MP. Stanley to Mackinnon, 19 January 1890.

2. Peters said that, according to Emin, Stanley produced an agreement from the British East Africa Company which Emin was virtually forced to accept. C. Peters, New Light in Darkest Africa, London, 1891, p. 545.

3. The I.B.E.A. Company obtained a Royal Charter on 3 September 1888.

> we do not regard it of much account it would still form a document which we can present to the Foreign Office and request their protection in carrying it out, that is, in the event of the Germans attempting, as they threaten to do, to annex Emin and his province
> "as they threaten to do, to annex Emin and his province

The draft agreement between the I.B.E.A. Company and Dr. Felkin, on behalf of Emin, stated that all the rights which Emin had acquired over the province should become vested in the Company. These rights included all powers of military command and civil administration. The company would try to have the province declared a British dependency and, if requested by the company, Emin would seek confirmation of the agreement from the Egyptian government. One clause provided that Emin could continue as governor and administrator for as long as he wished[2].

In fact this agreement was not implemented. Two or three weeks after Stanley had put the propositions, he turned back on his tracks to find the Rear Column of his expedition[3], but while he was away, Emin's soldiers revolted and held Emin prisoner.

One of the ironies of the expedition was that its arrival made the Sudanese soldiers extremely suspicious of Emin, and without their trust he was useless for either

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1. MP. Mackinnon to Mackenzie, 30 November 1888.
2. MP. Draft Agreement, dated 27 October 1888.
3. Middleton, op.cit., p. 57.

Mackinnon or Leopold. Although the soldiers later repented and released Emin, most of them declined to follow him, which was probably a relief to Stanley. Having imprisoned Emin they might have subjected him to far worse treatment[1].

In the circumstances Emin had no choice but to leave the province, and so he and Stanley began their journey for the east coast in May 1889, accompanied by over 500 refugees. The story did not have a happy ending however, because the two men became estranged and by the time they reached the coast the last thing Emin wanted was to travel any further with Stanley.

It is not surprising that they quarrelled. Their temperaments were very different and so were their expectations of the expedition. To judge from his book, In Darkest Africa , Stanley hoped to rescue a gallant hero and to take him back to England or Egypt in triumph, or else to establish him in the service of the British East Africa Company, or of the Congo Free State. Emin's hopes were perhaps most clearly expressed in letters which he wrote to Dr. Felkin. In December 1885 he had said:

> "... As to my future plans I intend to hold this country as long as ever it is possible ..."[2]

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1. Sanderson, op.cit., pp. 38-39.

2. Quoted by R.W. Felkin in his introduction to G. Schweitzer's The Life and Work of Emin Pasha, London, 1898, p. xxv. The letter quoted is one from Emin Pasha dated 31 December 1885.

Later he said that if Egypt evacuated the province he might be able to govern it independently as Raja Brooke governed Sarawak. In that case he would either seek England's protection or be perfectly independent.

> "... A definite arrangement with a syndicate of English commercial men would in neither case be difficult ..."[1]

The result of the quarrel was that Emin accepted employment under the Germans, but in 1892 he was killed in the Congo.

If the Emin Pasha Relief Expedition did not end happily for Emin, it was not a success for Mackinnon or Leopold either. In September 1888 the Administrator-General for Foreign Affairs for the Congo Free State expressed great annoyance and regret about the disasters which had befallen the expedition. He was presumably thinking in particular of the assassination of Major Barttelot, the leader of the Rear Column, and of the subsequent death from fever of James Jameson, who was second in command of the Rear Column. He hoped that any further expeditions would take the route from the east coast, and added that the Congo State had had nothing but trouble, anxiety and vexation since the departure of Stanley's expedition, and he doubted if the King would allow any more such expeditions to use the Congo route[2].

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1. Felkin, op.cit., p. XXXII. The letter quoted is one from Emin Pasha dated 2 October 1886.

2. MP. Letter of 29 September 1888 from F.O. to Mackinnon. Enclosed one of 25 September from Lord Vivian, the British Ambassador in Brussels, to Salisbury in which the views of the Administrator-General were given.

From Mackinnon's point of view the expedition was also a disappointment. Emin was not brought back to England in a blaze of glory, and the expedition lasted longer and cost more than had been expected. Altogether Stanley was away for about three years, and early in 1890 Mackinnon asked the Egyptian government for a further £5,000.

> "... on account of the additional expenses caused by the unforeseen duration of the expedition arising in great part from the delay of Emin Pasha in coming to a decision ..."[1]

The Egyptian government agreed to pay, and a further £4,500 was raised by private subscription, of which Mackinnon contributed £1,000 - twice as much as anyone else. A financial statement made a year later, which must have been almost the last, showed:

Receipts	£32,367. 1.10
Payments	£31,834. 1. 7
Balance	£535. 0. 3

The extent of Mackinnon's disenchantment with Emin was revealed in a letter which he wrote in November 1891 to Captain Lugard, who was the I.B.E.A. Company's agent in Uganda. He said:

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1. M.P. Referred to in Relief Committee Minutes of 7th March 1890.

> "... Emin Pasha is reported to have deserted from the German service, taking with him a German officer (Stuhlman) and a party of troops, and crossed into British territory. His exact object is not known, but it is supposed he may have had mischief in view in Uganda or towards the Albert Nyansa. Whatever may be his designs, he has been disowned and repudiated by the German government, and therefore if you should come upon him in any part of the territory assigned by the Treaty of July 1 1890 to British influence, the best thing you can do will be to arrest him and send him to the coast a prisoner ..."[1]

Earlier Kirk had said that Emin was a greatly overrated man, who would have been an encumberance to them.

Altogether Mackinnon subscribed £3,000 to the expedition and got no money back. He did not expect to gain when he made the contributions, but matters might have turned out differently, because Emin estimated that the province made a net profit of £8,000 annually, in addition to which it had a large store of ivory. In the event, the withdrawal of Emin ended any immediate plans for annexing Equatorial Province, but in the meantime Mackinnon had got the I.B.E.A. Company established.

From the point of view of Baring and Salisbury the expedition did achieve the purpose of removing Emin from Equatoria, and it also made important geographical discoveries.

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1. MP. Mackinnon to Lugard, 6 November 1890.

VII. THE I.B.E.A. COMPANY AND THE END

A history of the I.B.E.A. Company was commissioned by Mackinnon[1], and the story of the company has been told again, thoroughly and more impartially by Miss De Kiewiet[2], so it will not receive here the extensive treatment which it really merits as the culmination of Mackinnon's efforts in Africa. To a large extent the company embodied the ideas which had been put forward for the abortive concession scheme in 1877 and 1878, but the immediate events which led to its formation began at the end of October 1886 with the Anglo-German delimitation agreement. This recognised the sovereignty of the Sultan of Zanzibar over a narrow coastal strip, and established a boundary between British and German spheres of influence which ran from the mouth of the river Wanga near the coast, to the eastern shore of Lake Victoria where it cuts the 1 degree south latitude. The agreement left so many questions unanswered, however, that rivalry between European powers continued unabated in East Africa, and Sultan Barghash decided that he could best prevent further encroachments over his territory by entering into an agreement with Mackinnon. It was for this reason that in February 1887 he sent to Mackinnon the telegram, which Holmwood had drafted for him,

1. P.L. McDermott, British East Africa or I.B.E.A., London, 1893.

2. M. de Kiewiet, op.cit.

saying that he was willing to agree to the concessions formerly proposed, provided there was an influential association under Mackinnon's presidency and the British Government approved.

Mackinnon went to the Foreign Office about the proposals early in March and saw Sir Percy Anderson, who minuted that they would have to be careful with Mackinnon because he kept talking of the need for more than ordinary government support, but would not define what he meant.

> "... I think," said Anderson, "that what is in his mind and Holmwood's is a blow at the Germans. They are driving I believe at what would practically be a British Protectorate over Zanzibar ..."[1]

Mackinnon apparently met Salisbury at about the same time, because early in May Salisbury refused to grant another interview about the proposals on the grounds that their previous discussions had led to misunderstandings. Mackinnon therefore wrote a memorandum in which he said:

> "... I feel it is essential to the success of the proposed undertaking that H.M.G. should afford it the fullest measure of countenance and support it can give to any similar undertaking such as that given to the North Borneo and Niger Companies. Without this and without some measure of assurance that a mail service under the British flag shall continue to be maintained as at present, at least once in four weeks, I feel that it would not be expedient that I should proceed further in the matter ..."

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1. FO. 84/1860. Minute by Anderson. About 21 March 1887.

He warned that the Sultan might abandon hope of receiving British help and place himself in the hands of the Germans. On the other hand if government provided the necessary support, Mackinnon said that he would do his best to make the undertaking a success and a benefit to British commerce and influence, although it would entail personal and financial sacrifices, and a great deal more work and responsibility[1].

Salisbury's comments were very frank and indeed remarkable considering the part which he had played in frustrating the proposals in 1878. He minuted,

> "... We know that Mackinnon was not in earnest in a negotiation of this kind he undertook ten years ago. The extraordinary slovenliness of his present proceedings make me doubt his being in earnest now. The undertaking which he asks me to support is quite nebulous. We do not know exactly the rights the unformed company is to have or the amount of trade from the ports included in the specified coast which is to yield the customs duties on which the solvency of the company will depend.
>
> I do not think we can afford to be equally indistinct in our reply. If in answer to a request for Borneo treatment and an assured mail contract we reply by promising the fullest assistance compatible with Imperial interests and international engagements, we shall be held, and justly held, to have encouraged him to expect the two specific things for which he asks ..."[2]

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1. F.O. 84/1863, Mackinnon to F.O., 7 May 1887.

2. F.O. 84/1863, Salisbury, undated minute about Mackinnon's memorandum of 7 May 1887.

Salisbury carefully corrected the draft reply to Mackinnon so that the final letter was very cautiously worded. Mackinnon was told that a great commercial enterprise such as he contemplated would receive all the assistance which could be given consistently with due regard to the public exchequer and the ascertained rights of others. If as Mackinnon's project developed he made specific requests, Salisbury would give definite answers but in the meantime Salisbury thought that more harm than good would spring from vague countenances of support.

Mackinnon did not get the amount of encouragement from government that he had hoped for, but after his previous frustrations he was virtually obliged to accept a lukewarm response from Salisbury. Major negotiations had fallen through in 1878, and the Sultan of Zanzibar had rejected his more modest application the following year. In 1880 the issue had been raised by Gordon but to no effect, and in 1885 the proposals put forward by Mackinnon, Lord Aberdare and others had come to nothing. In the circumstances the situation in May 1887 was a considerable improvement, because Mackinnon at least had a firm offer from Barghash and no opposition from the British Government. Moreover he was then 64 years old and not inclined to delay matters in the hope of securing better terms.

From Salisbury's point of view the arrangements were not very satisfactory either, but whereas Mackinnon had wanted some sort of concession in East Africa for ten years, it is clear that Salisbury had changed his mind. In 1878 he had sabotaged negotiations for a concession, but in 1887 he allowed Mackinnon to proceed. The reason was not that he had any higher opinion of Mackinnon, but that rivalry between European powers had greatly intensified in Africa. In 1878 Britain had been, through her influence over the Sultan of Zanzibar, the dominant power on the East African coast from Mozambique to Somalia. This dominance had been broken immediately after the Berlin West Africa, in 1885, by the German Schutzbrief which had brought under her jurisdiction the territories, in East Africa, previously acquired by Carl Peters. In 1887, therefore, Salisbury insured against the northward extension of German territory by allowing Mackinnon to lease the strip of coast from the river Umba to Kipini[1]. This also had the advantage of helping to block any German attempt at penetration towards Uganda and the Upper Nile, which were becoming increasingly important for Britain in view of her position in Egypt.

Concerning Mackinnon's application for renewal of the subsidy of £7,950 a year for the B.I.'s service between Aden,

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1. Sanderson, op.cit., pp. 42-44.

Zanzibar and Lindi, Salisbury was more forthcoming. He strongly recommended renewal for political, commercial and humanitarian reasons, and the Treasury in due course reluctantly approved, because of the political considerations and not because it was convinced by the arguments about the economic advantages to be expected.

With regard to the concession scheme, Mackinnon proceeded to make an agreement with Barghash whereby his company, the East Africa Association, obtained concessions over the coastal area from the river Umba to Kipini. It was understood that further concessions would be made, and in September of the following year a Royal Charter was granted to the company, which was renamed the Imperial British East Africa Company (I.B.E.A.)[1].

Salisbury approved the Charter for the same reason that he had allowed Mackinnon to enter into an agreement with Barghash in 1887. He hoped that the company would stake claims in the regions through which German penetration to the Upper Nile was possible.

The Royal Niger Company provided a precedent in Africa and there was also the chartered British North Borneo Company which had been formed even earlier.

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1. For details of the Concession see appendix II.

The I.B.E.A. Company was authorized to retain the benefits of all grants, concessions and treaties, and charged with the duty of combating slavery, guaranteeing religious freedom and respect for local laws and customs. Any grants, treaties or concessions were, however, subject to approval by the Foreign Secretary, and the company had to act in accordance with his policy in its dealings with foreign powers. The government thus had a means for protecting British interests without being committed to exercising direct responsibility.

The company was concerned to promote British influence, but it was also inspired by commercial and philanthropic considerations, all of which were reflected in the composition of its board of directors. This included businessmen such as Mackinnon, Hutton and J.M. Hall; philanthropists such as Fowell-Buxton and Burdett-Coutts, and men who had gained distinction in public service such as Sir John Kirk, General Sir Lewis Pelly and General Sir Arnold Kemball. The Vice-President, Lord Brassey, had been a director of the North Borneo Company so he brought useful experience for running a chartered company. As the son of Thomas Brassey, the distinguished railway magnate, he was also knowledgeable about railway construction which was an attraction from Mackinnon's point of view.

A major chartered company was the goal for which Mackinnon had been aiming in Africa for a long time, but when it was formed he was not as confident about its prospects as one might have expected. In December, 1888, he said to Euan Smith, who was then Consul General in Zanzibar:

> "We are pushing ahead with the company's affairs in London with all the speed we can. I hope it wont prove much money and labour wasted. The public maintained their interest in us, but know little of the undercurrent of opposing German influence. I have reason to believe that we have the personal sympathy of high personages in our views and efforts, but of course high political considerations must be supreme."[1]

The company was thus launched with Mackinnon apprehensive about German competition, and perhaps unduly hopeful about the help which he would receive from the British Government. Salisbury after all wanted the company to secure for Britain what Parliament would not authorise the government to obtain - a position in East Africa which would protect approaches from the east to Uganda and the Upper Nile. He may even have contemplated using the company as a short term measure, because in September, 1888, he said he thought it would probably go bankrupt one day. The beginnings were, therefore, not suspicious. Mackinnon and Salisbury each expected a considerable amount of support from the other, and each was to be disappointed.

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1. MP. Mackinnon to Euan Smith, 26 December 1888.

The company began with a nominal capital of one million pounds. £250,000 was raised from the first issue of shares, with Mackinnon, who was President, as the largest subscriber with £25,000, and Peter Mackinnon with £15,000 as the second largest source of money.

George Mackenzie, the brother of E.N. Mackenzie, the Zanzibar agent of Smith/Mackenzie, was appointed as the company's Administrator. With the exception of Frederick Lugard, who joined the company two years later, Mackenzie was the ablest employee the company ever got in Africa, and his abilities were soon tested by German rivalry, and by the company's decision, which was encouraged by the British Government, to extend its authority into the interior.

German plans had developed at a pace similar to those of the British. They had obtained concessions and later, in August 1888, formed a German East Africa Company, but insurrections had broken out within the company's area almost immediately. The Germans reacted by imposing a naval blockade, and the British government agreed to cooperate by extending it along the I.B.E.A. Company's section of the coast, ostensibly to prevent the importation of arms. Mackinnon protested to the British government on the grounds that the blockade was injurious to trade, and in any case unnecessary as far as the British sphere was concerned, because there was no trouble

within the I.B.E.A. Company's area. In a letter to Mackenzie he said:

> "... The only reason for British action in combination with the German was the desire to prevent them from deposing the Sultan and taking possession of what is left of his dominions. I fear our government feels itself so weak in its defensive power and its position in Egypt that no matter what Bismarck asks for he is pretty sure to get it ..."[1]

The government rejected Mackinnon's protests, however, and argued that it had to guard against the possibility of arms passing through the British into the German sphere.

The relative peace in the I.B.E.A. Company's territory was due mainly to George Mackenzie's more imaginative policy. Early on, for example, a large number of slaves ran away and found refuge in Christian mission stations. Their Arab owners demanded them back, but the missionaries refused to surrender them. Mackenzie could not buy the slaves and set them free, because it was illegal for a British subject to purchase slaves, so he persuaded the owners to regard their slaves as lost property. They then agreed to accept compensation for them and granted "freedom papers" for the slaves[2]. This cost the company £3,500 but secured the goodwill of the Arab community. Mackinnon approved of Mackenzie's action and said that he would if necessary have paid for the freedom of the slaves himself[3].

1. MP. Mackinnon to Mackenzie, 30 November 1888.
2. McDermott, op.cit., p. 25.
3. The following year friends of the C.M.S. paid £1200 to the Company and the British government paid £800.

Trouble in the German sphere inevitably had repercussions in the I.B.E.A. Company's area, but what was more serious was the effect of German rivalry in obliging the I.B.E.A. Company to extend its activities northwards and westwards before it was really strong enough. Besides forming their company to the south of the I.B.E.A. Company's territory, the Germans had also established a protectorate over the small sultanate of Witu and laid claim to the island and port of Lamu, which had the effect of confining the Company between two German protectorates, to north and south. Khalifa, who had succeeded to the Sultanate of Zanzibar on Barghash's death in March 1888, contested the German claim to Lamu, as did Mackinnon. Early in 1889, therefore, Salisbury agreed that the issue should be submitted for arbitration by Baron Lambermont, Minister of State to King Leopold of Belgium. Mackinnon objected to Salisbury's action and said:

> "... I feel very strongly the lack of support from HMG so greatly in contrast with the vigorous support afforded to the German Co. by the government of Germany ..."[1]

However, Baron Lambermont decided that the Germans had no valid claim to Lamu, so Khalifa ceded it to the I.B.E.A. Company. This largely destroyed the value of Witu for Germany by depriving it of a port, and she gave up her protectorate over it the following year as part of the Anglo-German Agreement of 1 July 1890. Khalifa also ceded to the I.B.E.A.

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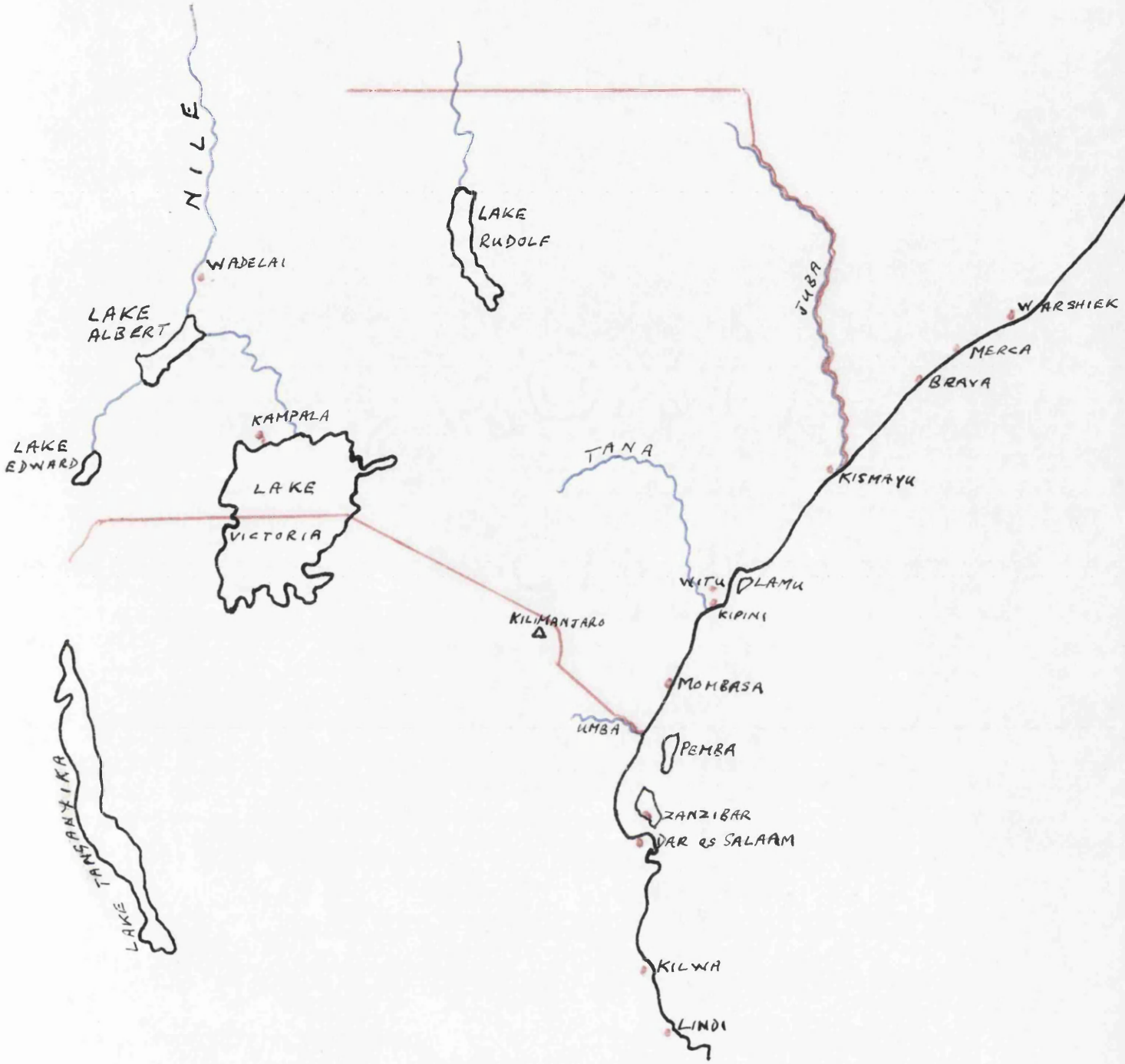
1. MP. Mackinnon to Mackenzie, 9 February 1889.



I. B. E. A. Co.

TREATY BOUNDARIES

Company six small ports north of Lamu: Kismayu, Brava, Merca, Mogadishu, Warsheik and Mruti, but it was clear that the company would not have the resources to administer them, so Mackinnon arranged with Signor Catalani, the Italian Chargé d'Affaires in London, to transfer the cessions to the Italian government. Khalifa agreed to the arrangement and formal transfer was effected in August 1889.

The King of Italy honoured Mackinnon by conferring on him the rank of Baron Mackinnon of Italy, and also the Great Cross of the Ancient Order of Saint Maurice and Lazare, an Order which was formed in 1434. In the same year Mackinnon accepted a Scottish Baronetcy, and adopted the title of Sir William Mackinnon, Bart., C.I.E., of Loup and Strathaird, having many years earlier declined a knighthood which had been offered to him by Lord Palmerston.

The friendly relations which obtained between the company and the Italians led to an amicable boundary settlement which established the river Juba as the boundary between them as far as 6 degrees latitude north. From there it ran due westwards as far as longitude 35 east and then northwards to the Blue Nile. The I.B.E.A. Company thus accepted responsibility for a vast area, though a less troublesome one than it gained by its venture into Uganda.

McDermott, in his history of the company argues persuasively that the move into Uganda was made more to suit the policies of the British government than for any likely commercial benefit to the company. The government valued it for its strategic position in relation to Egypt. As Sir Evelyn Baring, the British Consul-General in Egypt said:

> "... whatever power holds the Upper Nile must by the force of its geographical position dominate Egypt ..."[1]

Uganda also offered a key to the Equatorial Province and it was feared that the Germans were seeking to acquire both areas. Carl Peters' Emin Pasha expedition was on its way, and there was a danger that French missionaries in Uganda, in their rivalry with their British counterparts, would support German attempts at penetration. Mackinnon, of course, was ready to believe anything about German machinations and said to Euan Smith:

> "... The Germans have no regard for man or beast, and their natural disregard for any interest except their own is coming out as nastily as it can do in East Africa ... My fear is British interests in East Africa must be completely sacrificed, as Germany is bent on taking everything as it suits her convenience ..."[2]

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1. Baring to Salisbury, 15 December 1889. Gifford and Louis, op.cit., p. 123.

2. MP. Mackinnon to Euan Smith, 26 December 1888.

In fact Mackinnon's fears were not unreasonable, because Peters later said that his expedition had been

> "no pleasure trip, but a large scale colonial political enterprise"[1].

Although commercial considerations were of secondary importance, Uganda was regarded as a potentially wealthy and therefore attractive country, particularly because it was a major source of ivory, the one commodity which was sufficiently valuable to be worth carrying to the coast by human porterage.

This fact underlined the great need for a much better system of communications. Having failed with his road building scheme and with the attempt to use elephants for transport, Mackinnon had come to the conclusion that East Africa could only be opened up adequately by the construction of a railway. Soon after the company was formed, therefore, Frederick Jackson, who had a little experience of Africa, was sent as the leader of a caravan to survey a route to Lake Victoria. He was away for nearly two years and the results of his journey were disappointing. He did not find any natural resources

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1. Gifford and Louis, op.cit., p. 130.

which could readily be exploited, he showed that it would be expensive and difficult to set up stations in the interior, and the ivory which he brought back only just covered the cost of the expedition. However, by the time he returned to the coast in 1890 the company was already committed to trying to establish its authority in Uganda.

Captain Lugard had set off for Uganda earlier in the year at the head of an expedition as the company's agent, although doubts were already being expressed about the company's future and its Uganda venture in particular. For example, Stanley, who reached the coast with Emin before Lugard departed, advised Mackenzie that the occupation of Uganda should be postponed till the railway was built[1]. He estimated that effective occupation would require five hundred Englishmen, two thousand porters and cost £100,000[2]. Mackinnon had apparently been thinking along similar lines, because in December 1889 he had told Stanley that it would be impossible to do anything about Uganda unless government allowed the company to get five or six hundred Indian troops.

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1. Surprisingly Stanley did not see Lugard.
2. MP. Stanley to Mackinnon, 6 February 1890.

At the end of March Euan Smith told the Foreign Office that the company would have to decide whether it was ready and willing to sustain a conflict with German enterprise. As things stood, he said, the conflict was most unequal. He thought Mackenzie was very able and energetic, but most of his European assistants were inexperienced, he had no police and no military force of any kind.

> "For every rupee," he said, "which the British spend in Zanzibar the Germans spend at least two thousand. Contrast this with the position of Major Wissmann.[1] He maintains at Zanzibar a costly headquarters, with a numerous and intelligent staff. He has an absolutely unlimited amount of money ...".

Euan Smith thought the company could only triumph against these odds if it immediately set about building a railway from Mombasa to Lake Victoria and if it established itself unassailably in Uganda and on the lake. It would have to change its policy and strive after the true substance in the interior instead of attempting to grapple with the shadow which eternally eluded it on the coast. He said it was useless for the government to attempt to support the company in a series of never ending petty disputes[2].

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1. Wissmann was the German Imperial Commissioner in East Africa.

2. MP. Copy of letter from Euan Smith to F.O., 31 March 1890.

The sequel to this apparently authentic letter was strange. When Mackinnon received a copy of it, he sent a telegram to Euan Smith saying that the letter contained the sort of comments which he would have expected from Wissmann, and Euan Smith telegraphed back saying:

> "... Cannot recall private letter referred to. I have no copy. With regard to I.B.E.A. Co. my conscience perfectly clear, have not written, spoken, acted, save furtherance truest interests of, to obtain from govt, their support. Wait until after consulting Mackenzie ... After the return of Mackenzie if you think I am disloyal to I.B.E.A. Co, shall request that I am removed from here, as position would immediately become insupportable."[1]

Kirk often complained that Euan Smith's policy was harmful to the company, but there appears to be no further correspondence about this letter, presumably because Mackenzie, who had handed over to Sir Francis de Winton and returned to England that summer, was able to mediate. Mackinnon was no doubt annoyed by the criticism of the company's strategy; on the other hand the letter did re-enforce his repeated complaint that the German company received far more government support than the I.B.E.A. Company. This contrast became very marked after the insurrection in the German sphere, because the Germans had reacted not only by blockading the coast but also by

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1. MP. Euan Smith to Mackinnon, 12th May 1890.

appointing Wissmann as their Commissioner in East Africa. This gave German interests access to government support and funds in a way which was denied to the I.B.E.A. Company. Mackinnon was fully aware of the difference and not very hopeful about the future in consequence. In particular, he feared that a force under Wissmann and Emin might compel Mwanga to submit to German domination, and in April 1890 he said to Lord Salisbury:

> "... The German company with which alone we had to reckon two years ago has practically disappeared and it is with the German Empire we have to reckon with now. With it we cannot contend and I feel that without knowing something of your Lordships wishes it is useless for us to attempt anything more in the direction of Uganda ... In all directions we are overborne by German plans and I feel so disheartened by the apparent lukewarmness of the support we receive from H.M.'s government in the work we have been trying to do for our country that I begin to realise that the prospects for usefulness which encouraged us to undertake and earnestly and peacefully to prosecute the work are so rapidly disappearing that I feel great difficulty as to our plans for the future ..."[1]

Mackinnon's view that government was weak in the face of German pressure, and generally parsimonious, was only too well known to Lord Salisbury, who attributed a great deal of the blame for the set-backs to Mackinnon himself. In the month that he received Mackinnon's letter quoted above he said to Goschen, who was Chancellor of the Exchequer:

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1. MP. Mackinnon to Lord Salisbury, 8 April 1890.

> "... The great difficulty here (in the East Africa problem) is the character of Mackinnon ... He has none of the qualities for pushing an enterprise which depends on decision and smartness. He has got the finest harbour on the coast - has had it for five years - yet there is not even a jetty there. His hopes of trade depend on his enabling the caravans to get over a waterless belt of fifty miles which separate him from the profitable country. Yet, although he has had a mass of railway material there a long time, he has not yet laid a yard of it. He has no energy for anything except quarrelling with Germans ..."[1]

This was an unduly harsh judgement on Mackinnon, but over the years Salisbury had received a great many applications petitions and complaints from him. These dated from the years 1874-78 when Salisbury had been Secretary of State for India, but they had continued to reach him later when he became Foreign Secretary and Prime Minister. Altogether Salisbury must have become very tired of Mackinnon, and in particular of the way in which he so often depicted the British government as weak and vacillating by contrast with that of Germany. In effect he was told that he led a feeble, parsimonious and indecisive government and then asked to provide support. This naturally made him unsympathetic, and he concluded among other things that Mackinnon lacked iniative, but what he failed to mention in the passage quoted above was that Mackinnon wanted to build a railway but could not raise enough money, largely because the company lacked government backing.

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1. Salisbury to Goschen, 10 April 1890. Quoted by Cecil, op.cit., p. 281.

In August 1889 three quarters of a million pounds worth of shares had been issued on the open market but only about a third had been taken up, bringing the company's capital to a little over half a million pounds[1], This was disappointing, but Mackinnon nevertheless had thirty miles of light rail shipped out to the coast, partly in the hope that Stanley would return with success from the Emin Pasha Relief Expedition and so stimulate public interest and support for the company. In fact the expedition ended in anti-climax, efforts to raise money in 1890 were no more successful, and as is evident from the passages quoted above Mackinnon and Salisbury had become thoroughly disillusioned. Mackinnon, who had hoped to establish a viable company and to secure British interests, felt that he had not received from government the kind of support to which he thought he was entitled, or which the German company had enjoyed from its government. Salisbury for his part had been disappointed by the performance of the I.B.E.A. Company.

By the autumn of 1889 there were four important areas of dispute between Britain and Germany which were of some concern to the company. There was the island of Zanzibar; the Anglo-German boundary to the west of Lake Victoria; the area to the west of Lake Nyasa; and the hinterland of Witu,

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1. De Kiewiet, op.cit., p. 271.

which might give access to the Upper Nile, and the new German protectorate to the north of it[1]. In addition, the position in Uganda had become unstable. Kabaka Mwanga of Buganda had been deposed in October 1889, and in December Stanley had returned to the coast with the Equatorial Province abandoned. Admittedly Mwanga regained his throne, but the fact that he had been obliged to flee revealed the weakness of his position. Moreover, from Britain's point of view the situation was made to appear more dangerous in February 1890, when Peters persuaded Mwanga to sign an agreement to open his territories to all Europeans, to accept freedom of trade and to have friendly relations with the German Emperor.

By April 1890, therefore, Salisbury had decided that the time had come to enter into direct negotiations with Germany. Bismarck had been dismissed in March, and there was no certainty that his successors would adhere to the assurance given the previous year that Uganda and Wadelai were outside Germany's sphere of colonisation. Also he had concluded that the I.B.E.A. Company would not serve his purpose. It had not adequately secured the hinterland areas of access to the Upper Nile, on the other hand Mackinnon was making what Salisbury regarded as excessive claims in demanding that the territory between the Congo State and

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1. Sanderson, op.cit., pp. 49-50.

Lakes Victoria and Tanganyika should form part of the British sphere. Mackinnon supported Johnston and Rhodes in their desire for an "all red route" to join Uganda with the South Africa Company's area as part of a British controlled territory from the Cape to the Nile, and between April and November 1889, he and his agent Nicol wrote a number of letters to Stanley urging upon him

> "the importance to British commerce and to our company of securing all the territories north of the line drawn from the south end of Victoria Nyanza ... to another point on Lake Tanganyika."[1]

These letters caused some embarrassment, because four of them fell into German hands when they captured Abushiri, the leader of the rebellion against them[2]; but when Stanley met Mackinnon at Cannes, in April 1890, he was able to deliver six treaties whereby a large area to the west of Lake Victoria was supposed to have been acquired for the I.B.E.A. Company[3]. From Cannes they went to Brussels, where they discussed with Leopold the division of spheres of influence between the company and the Congo State, and on 6 May they dined with Salisbury, who on May 13 included the area for the "all red route" among his proposals for resolving Anglo-German differences[4]. The Germans, not surprisingly,

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1. F.O. 84/2036. Mackinnon to Nicol, August 1, 1889. Forwarded to Stanley.
2. D.R. Gillard, "Salisbury's African policy and the Heligoland offer of 1890," English Historical Review, LXXV, 297(1960), p. 647.
3. Collins, op.cit., p. 140.
4. Collins, op.cit., p. 141.

rejected British claims to this "wedge" of territory, because it more logically formed part of the hinterland of their protectorate. However, on May 20 a draft was submitted to Salisbury of an Agreement between Mackinnon and Leopold which would allow the I.B.E.A. Company to use a "corridor" only five miles wide, but within the borders of the Congo Free State, to provide access between the spheres of the I.B.E.A. and South Africa companies. In return the Congo State would get access to the Nile as far as Lado[1]. On May 14 Mackinnon had told Salisbury that

> "the King of the Belgians ... most generously expresses his desire to help us in every way to facilitate our access to (Lake) Tanganyika."[2]

This suggests that the possibility of having a "corridor" inside the Congo State may have been raised with Salisbury before the draft Agreement was submitted to him on May 20. In any event he wrote to Leopold the following day and said that the Foreign Office would raise no objection to the engagement which he, as head of the Congo State, had entered into with Mackinnon's company[3]. When he wrote this, Salisbury had forgotten about the agreement between France and Leopold which gave France the right of pre-emption in

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1. This came to be known as the Mackinnon Treaty.
2. S.P. Mackinnon to Salisbury, 14 May 1890.
3. Collins, op.cit., p. 142.

the event of the Congo State relinquishing any of its territory. When Anderson returned from Berlin and reminded him of it a few days later[1], he tried to persuade Mackinnon to change his draft Agreement with Leopold[2], but on June 2 Mackinnon said:

> "I am afraid it is too late to propose any alteration of that Agreement and I have reason to believe that the King of the Belgians expects the ratification to be exchanged not later than tomorrow evening."[3]

At a cabinet meeting on June 3, Salisbury was overruled in his opposition to Mackinnon's claims, so later in the day he met Mackinnon and told him that the Mackinnon Treaty could be ratified, but that an Additional Declaration should be attached. This was to explain that the company would not acquire sovereign rights over the territory such as would permit interference by France.

On June 7 Mackinnon told Salisbury that he had ratified the Treaty and that he would accept the 1 degree south latitude as the boundary between British and German spheres to the west of Lake Victoria[4]. By July 18 the terms of the Additional Declaration had been agreed, but a few days later Mackinnon

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1. F.O. 84/2086. Memo. by Anderson, 27 May 1890.
2. Salisbury said to Queen Victoria, Mackinnon "has all that he really has a right to which is Uganda," June 1 1890. Cited by Collins, op.cit., p. 143.
3. F.O. 84/2083. Mackinnon to Salisbury, 2 June 1890.
4. F.O. 84/2083. Mackinnon to Salisbury, 7 June 1890.

returned to London from Brussels having lost his enthusiasm for the Treaty. On July 25 Anderson minuted:

> "Sir William Mackinnon called yesterday. He had seen the King of the Belgians whom he found very much disturbed about the French claim.
>
> Sir William and his council, are, I gathered, now disposed to think that their best plan will be to cancel their Agreement with His Majesty.
>
> I encouraged this idea, saying that might be the simplest way of solving the difficulty."[1]

It is not clear exactly what transpired in Brussels, but it appears that the French, by virtue of the pre-emption agreement, put so much pressure on Leopold that he asked Mackinnon not to pursue the Mackinnon Treaty. The fact that Mackinnon acquiesced so readily adds to the impression that he was very much under Leopold's influence in his attitude to the "all red route", and to the "corridor". In advocating the "all red route" he had been echoing Johnston and Rhodes, but also cooperating with Leopold who had said in April 1889:

> "I am anxious that no unoccupied territories should stand between your stations and mine."[2]

It was probably no coincidence that Mackinnon wrote the first of his series of letters to Stanley, about the "all red route", in the same month, and certainly the idea of having a "corridor", through the Congo State, arose from discussions with Leopold.

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1. F.O. 84/2087. Memo. by Anderson, 25 July 1890.

2. Leopold to Mackinnon, 18 April 1889. Quoted by Smith, op.cit., p. 136.

From the point of view of the I.B.E.A. Company, however, the case for acquiring the "all red route" or the "corridor" was not convincing. The anti-German aspect of the "all red route" no doubt appealed to Mackinnon, but what the company needed was some policy which would establish it as a viable concern. There was no evidence, for example, that much trade would flow along the "corridor", while on the other hand it was clear that the cost of maintaining it would add to the burdens of the company, which was already over-committed. This presumably explains why Mackinnon so quickly abandoned his enthusiasm for the Treaty. The advantages which it offered were more obviously in favour of Leopold, who two years later cited it as a pretext for launching an expedition into the region of the Upper Nile, although as far as Mackinnon was concerned it was a dead letter. The Additional Declaration was never signed, his company did not attempt to use the "corridor", and "Salisbury seems to have intended from the outset to prevent any occupation of the corridor by the company, and he undoubtedly gave the Germans assurances to this effect."[1] Very much more significant than this Treaty, however, was the Anglo-German Agreement of 1 July 1890, about outstanding differences between the two countries in Africa. It was a wide reaching settlement, with the following important features for the company: Germany gave

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1. Sanderson, op.cit., p. 93.

up her claims to Witu and to the coast between the Tana and Juba rivers, and she recognised Uganda and Zanzibar as being within Britain's sphere. In return Britain ceded the small island of Heligoland, which commands the sea approaches to the rivers Elbe and Weser on the north coast of Germany. She also agreed to urge the Sultan of Zanzibar to sell the German sphere of the East African coast outright.

The Agreement of July 1 secured Uganda and a port on the east coast, which were among Salisbury's objectives, but it did not solve the company's financial problems. Various attempts were made to ease the situation[1], but Mackinnon was again unsuccessful in trying to raise sufficient capital and seemed to have a feeling of personal failure about it, because in August he said to Sir Francis de Winton:

> "During the past few weeks in London I felt so oppressed with work, and so worried and worn out that I could hardly undertake any correspondence of any sort, and I was unable to push matters in connection with the company's capital in the way I wished to ..."[2]

In fact the obstacle to raising money was not so much Mackinnon's poor health as that without a government grant or subsidy the company did not offer enough security to attract investors. Salisbury, who hoped that the company would be able to build a railway from the coast to Uganda,

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1. See McDermott, op.cit., pp. 178-191 and De Kiewiet, op.cit., pp. 281-291.

2. MP. Mackinnon to de Winton, 1 August 1890.

tried, in December 1890, to persuade the Treasury to guarantee 5% interest on capital of 1¼ million pounds which Mackinnon was to raise[1]. Goschen, the Chancellor of the Exchequer, was initially sympathetic, but changed his mind when he was persuaded by officials that it would be immoral to subsidise a company which was sliding towards insolvency.

The directors of the company, for their part, applied, towards the end of the year, for an annual government subsidy of £25,000 or a guarantee. They cited other companies, and in particular their German rival, which received substantial help from their governments. They also claimed that they had undertaken additional responsibilities, such as the acquisition of more territory, in order to further British interests and not for commercial reasons. In other words they had made financial sacrifices in the national interest. In many ways they restated points which had been made by Mackinnon in a private letter to Salisbury[2], but these reasons were unlikely to sway Parliament, so the company also argued that a railway should be built as a means of combating the inland slave trade. This was an argument which carried weight because it was directly supported by the declaration of the Brussels Conference at the end of July, 1890. The Conference had been called to consider measures for ending the slave trade, and among those

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1. McDermott, op.cit., p. 181.

2. S.P. Mackinnon to Salisbury, 3 July 1890 (Collection of unbound letters).

which it had recommended was the construction of railways. Since Britain was a signatory of the General Act of the Conference which embodied this recommendation, Mackinnon and the other directors argued that the government was morally obliged to assist with the construction of a railway. They thought that the company could raise the necessary funds if it had a subsidy or a guarantee. It certainly did not stand a chance without some evidence of government confidence and backing.

Salisbury supported the application for a subsidy[1], and the Treasury was favourably disposed, partly because it hoped that an effective policy against the slave trade inland would save money on the squadrons which were maintained at sea at an annual cost of £100,000. The Cabinet, however, decided that it would be more prudent to seek £20,000 towards the cost of a survey for the railway, but the Opposition refused to accept this as an uncontentious measure and so the government had to withdraw it. By then it was July 1891 and the company's financial position had deteriorated still further.

It undertook to proceed with the survey on the understanding that the government would re-apply for the money early in the next session of Parliament, but it also resolved to withdraw temporarily from Uganda. Lugard was notified

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1. F.O. 84/2097. F.O. to Treasury, 20 December 1890.

in a letter of the 10th of August, and later the company told Salisbury that it had taken the decision because of the events in Parliament; because rapid expansion had been forced upon it by its German neighbour, and because three fifths of the subscribed capital had been spent.

When the decision became public there was a considerable outcry. The Times, for example, said that withdrawal would be a national calamity. The capital already spent would be wasted, the anti-slavery policy would be defeated, the missionaries would be persecuted, and British power and prestige would suffer a serious blow throughout central Africa, because the company working under a Royal Charter was clearly identified with national policy[1].

Bishop Tucker, who was particularly concerned about the fate of the Anglican missionaries, had made the last point very forcibly in a letter to T.F. Buxton. After telling Buxton, who was one of the company's directors, that the I.B.E.A. Company had a duty to maintain its position in Uganda, he said:

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1. McDermott, op.cit., p. 199. Passages quoted from The Times.

> "... The government by a solemn treaty with Germany has acquired the country of Uganda as part of its sphere of influence.
>
> With a Royal Charter the I.B.E.A. has been engaged in carrying out a policy of British influence and exercising the powers of government in East Africa. In other words the company is doing the work of the Imperial Government whose representative (to the native mind) it is. H.M.G. it seems to me is as much responsible for the action of the company in Uganda as it would be for the action of its servants in Downing Street or its representatives in any of the capitals of Europe ..."[1]

The government was aware that it had some responsibility, but it could not provide money which was the immediate need, and in September Mackinnon told the Church Missionary Society that the company would have to withdraw from Uganda unless it received £40,000. Friends of the C.M.S. collected £16,000 and Mackinnon found the balance by contributing £10,000 himself and raising a further £15,000 from among his friends. This enabled the company to countermand its previous order to Lugard, who was told that the money subscribed to maintain the force in Uganda for another year had come largely from friends of the Church Missionary Society who were afraid that the missionaries and their followers might be in danger if he and his force withdrew. However, the acute financial crisis remained as Mackinnon emphasised in a long letter which he wrote to Lugard at the beginning of November. After expressing warm appreciation for what Lugard had done he said:

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1. MP. Bishop Tucker to T.F. Buxton, 30th July 1891.

"... In order to bring it within the financial power of the company to maintain the occupation till 1st January 1893 you must do everything possible to reduce the expense of occupation. With this object I would impress upon you the necessity of making the country provide as far as possible for your occupation of it. Your presence in Uganda is I am sure worth much more to Mwanga and his people than the cost of maintaining you there. Reports say that there are large quantities of ivory hidden in the country, and Mwanga ought to surrender these in return for the benefits which he and his people are deriving from your presence in the country ... There is no difference of opinion here as to the disastrous results which would follow from a total withdrawal of the company's forces, even for a time, from Uganda, and the only way in which this calamity can be averted is by establishing the occupation of the country on such a basis as to reduce to the smallest limits the expense of such occupation to the company ... I have always had it in my mind to organise a transport service between the coast and the lake. Had this been done two years ago the cost of transport now would have been reduced I should think probably 50%. You know I was fully in sympathy with your plan of forts along the Sabaki and a road connecting these forts passable for carts and other wheeled conveyances. As you are aware orders were given to Sir Francis de Winton to follow up and complete your work, but he obstinately refused to obey these orders because he believed it would be money wasted. Consequently nothing has been done, very much to my regret, but we hope to begin afresh to work on the same lines. Everything however depends on money and having spent so much unprofitably already we are obliged to retrench to the very smallest possible amount. Instead of spending £120,000 or £130,000 a year we must be content to spend between £30,000 and £40,000 only, and our establishments must be reduced so as to fit into that maximum outlay ..."[1]

Lugard was a little put out by this letter, because he thought he was administering Uganda very economically and

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1. MP. Mackinnon to Lugard, 6th November 1891.

that the deficit largely arose from other operations such as the maintenance of stations on the way to the coast. But whatever the details of the balance sheet it was clear by then that the company's days were numbered, and the passage in March 1892 of the vote for £20,000 for the railway survey did not alter the situation.

During the debate the government argued that the railway was essential for the campaign against the slave trade and it cited the Brussels Conference, but the fundamental question was whether Parliament should subsidise a chartered company and so commit Britain more deeply in East Africa. Many members felt that by paying for a survey government would be taking one more step towards the annexation of a large area of territory. The government denied this, and the Opposition leaders abstained from voting, so the question was not settled and it was impossible to formulate a positive policy during the ensuing few months because a General Election was to be held in July.

Politicians would gladly have ignored the problem but this could not be done because Uganda became a major issue during the summer when reports reached Europe from the French Bishop in Uganda alleging that French missionaries had been maltreated by the company. Lugard, whose reports arrived later, denied the allegations, but the government appointed

Captain Macdonald to investigate, and it took another step towards acknowledging responsibility for Uganda by agreeing to pay compensation in respect of any allegations which were proved.

The future was made even more uncertain however by the formation, in August, of Gladstone's Liberal government. On the whole it was even less inclined to get involved in East Africa than its predecessor had been, but Mackinnon thought that public opinion would force Gladstone to abandon his opposition to the retention of Uganda[1], and there was some hope of receiving assistance from Lord Rosebery, the Foreign Secretary, who favoured a more forward policy than his cabinet colleagues did[2].

Until the latter part of November Mackinnon still seriously thought that the company might be reprieved. This emerges, rather ironically, from private correspondence which he was then conducting with Salisbury. On November 15 he told Salisbury that the company was willing to continue in Uganda provided it received sufficient support from government, and a 3% guarantee from Parliament for the railway.

> "I believe we shall be asked to prolong the occupation, but whether a request of this kind will be accompanied by any assurance for the future is uncertain. Our decision will depend greatly on what government may say on this point."[3]

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1. S.P. Mackinnon to Salisbury, 5 November 1892.
2. M.P. Kirk to Mackinnon, 9 August 1892.
3. S.P. Mackinnon to Salisbury, 15 November 1892.

Two days later, during the course of a difficult interview with Rosebery, he got his answer. Rosebery did, indeed, suggest that the company's occupation be prolonged to assist the operations of the Commissioner if one were appointed[1]. But Mackinnon thought that the twelve months suggested would be too short a period and proposed two years instead. However, this was unacceptable to Rosebery, who suspected that Mackinnon believed that if the company could remain for two years it would remain for ever at government expense.

Mackinnon's other ideas were not received any more favourably. He asked that the company be paid £200,000 as compensation for expenses which it had incurred for imperial purposes at the instigation of the late government, but Rosebery simply retorted that he had no record of such instigation and could not hold out the slightest hope of compensation, Mackinnon then proposed that the company should be bought out, but later apparently said that he would soon be 70, that his work was done and that he did not care about the loss of his money.

Rosebery clearly recorded the interview in such a way as to cast himself in the most favourable light, but his

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1. F.O. 84/2263. Memo. of 17 November by Rosebery. Mackinnon's version of the interview is not available but Rosebery recorded it in a fairly long memorandum. On 3 November Rosebery had recommended to the Cabinet that a Commissioner be appointed. Robinson and Gallagher, op.cit., p. 319.

summing up of Mackinnon's attitude at that time was probably not unfair. He said:

> "Sir Wm. Mackinnon during this interview so lightly bounded from the position of philanthropist to that of financier, that it was extremely difficult to appreciate what his real position was."[1]

Mackinnon felt all along that the company was a commercial enterprise, a vehicle for bringing civilisation to Africa and an instrument for promoting British interests, but almost from the time that the Charter was granted he was on the one hand disappointed by the lack of backing from the British Government, and on the other discouraged by the wealth and help enjoyed by his German rivals. It was so self-evident to him that government should support his company's worthy aims that he continued to grasp at straws long after it was obvious that it would not be salvaged.

Rosebery who was in the position of power, and had a more realistic view of what could be obtained from Parliament, got his way. The result of debates in the cabinet was on the face of it a compromise, because government agreed to subsidise the company for three months, till the end of March 1893, and in the meantime it appointed Sir Gerald Portal to report on the best way of administering the territory[2]. In practice the appointment was a victory for Rosebery because Portal was

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1. F.O. 84/2263. Memo. of 17 November by Rosebery.
2. This was the compromise proposal brought jointly by Rosebery and Harcourt for Cabinet approval on 23 November 1890. Robinson and Gallagher, op.cit., p. 319.

known to share his views. The appointment also recognised that the company was coming to an end, and the directors were already devoting their energies to seeking maximum compensation from the government. Mackinnon was involved in the negotiation from the beginning, but agreement was not reached until 1895, when the company was bought out at the rate of ten shillings in the pound. The fact that he engaged in the negotiations shows that he fully realised that the company had failed, although on occasions, almost until his death, he seemed to hope that government might come to the company's rescue[1].

He largely blamed German rivalry and lack of support fro the British government. Salisbury, as already mentioned, thought that the main difficulty was Mackinnon's character, and Stanley said that bankruptcy was inevitable when the government which was always extravagant, dipped their hands into the coffers of a private company[2]. There were, however, a number of other reasons which can be seen by comparing the I.B.E.A. Company with the contemporary chartered companies in Africa which did not fail in the same way - the Royal Niger Company and the South Africa Company.

In the first place the personalities of the three principal characters were very different. Mackinnon's company got its charter when he was sixty five, and his abilities were clearly in decline. Cecil Rhodes and Sir

1. H.M. Stanley, Autobiography, p. 448.

2. ibid., p. 448.

George Goldie, on the other hand were thirty six and thirty eight years old respectively when the South Africa and Royal Niger companies were granted charters, and they were at the height of their powers. Mackinnon reacted to the increasing ill-health of his old age by trying to reduce the amount of work which he did, and by spending more of his time at Balinakill which was not a suitable place from which to run major businesses. Rhodes reacted to his ill-health by driving himself to greater efforts because he feared that he had little time in which to accomplish his aims. But there were other differences, more important than those of personality.

The I.B.E.A. Company, unlike the other two, was unable to dominate trade within its area. It did not have a large river like the Niger to give controlled access, and therefore the possibility of a commercial monopoly in the interior, and it was burdened from the outset with the crippling cost of carrying goods by human porterage. There was no major trade such as existed in West Africa on which the company could build. The territory contained no nucleus of European colonists to stimulate commerce, as in South Africa, and no readily exploitable mineral resources were found. Besides lacking these assets, the company was saddled with the major liability of having to pay £10,000 a year to the Sultan of Zanzibar, and it was handicapped in trying to recoup this

recurrent expenditure because its powers of taxation were limited. Equally its freedom to raise customs dues was circumscribed because Zanzibar was in the International Free Zone. Finally the company was undercapitalised, starting with £250,000 compared with the South Africa Company's £1,000,000. The Niger Company admittedly began with only £300,000 but this was invested in a prospering business[1], whereas the I.B.E.A. Company was obliged to try and lay the very foundations for commerce and administration. When it is realised that it had accepted responsibility for a territory roughly equal in size to the combined areas of Britain and France, it is hardly surprising that it collapsed.

Mackinnon was certainly very disappointed by the failure of the company, and it is perhaps significant that there was no reference to the I.B.E.A. Company in the obituary which appeared about him in the Campbeltown Courier. The editor of the newspaper of his native town probably thought it seemly on that occasion to refer only to what were regarded as Mackinnon's successes. But, if Mackinnon had lived for a few more years he might have felt that the company had achieved something, because in June 1894, a year after his death, a protectorate was declared over Uganda and over East Africa in 1895. This was possible only because the I.B.E.A. Company

1. M. Perham, Lugard, The Years of Adventure, Vol. I, London, 1956, p. 167.

had maintained British authority in the territories over a period of years during which British governments had been unable or unwilling to meet the cost of establishing an Empire in East Africa.

The parlous position of the I.B.E.A. Company naturally absorbed most of Mackinnon's attention during his last years, and he was still head of the B.I., but he sought rest and relaxation by spending an increasing amount of time at Balinakill. To attend to his various business interests, he often travelled to Glasgow in his yacht Cornelia, and a suite was available for him always at the Burlington Hotel in London, but he returned to Balinakill whenever he could and did his best to promote the prosperity of the area.

Near his estates, he developed the little village of Clachan with his nephews John and Duncan Mackinnon. A Free Church was built, a manse, a post office and a reading room. These were to further the cause of the Free Church of Scotland and to encourage reading and learning among the villagers. He also had the old cottages improved and new ones built and some of them are occupied to this day[1].

In many ways he enjoyed the life of a Scottish laird, and entertained a number of eminent people on his estate,

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1. Personal letter from Mrs. G.M. Pollok, 9 February 1967.

including King Leopold who stayed there twice. Despite his wealth, however, he never became extravagent or flamboyant, but remained pious and abstemious in his habits. One view of him and of the routine at Balinakill was given by Sir Harry Johnston, after a visit which he paid to Mackinnon's home in 1883. He said Mackinnon was

> "... a leetle dapper, upright man, with an acquiline nose, side whiskers, a pouting mouth, and a strutting manner of walking and holding himself. His reception of me after my long steamer journey, long and tiring drive of eleven miles from Tarbert (Mull of Cantyre), was kind, but throughout his large modern house there was no trace of comfort, and the temperature of Scotland is always cool. If it isn't cold, it is chilly. It is a country where you hardly dare let the fires go out in the dwelling rooms. This was early September but the Autumn had lowered the temperature already.
>
> Fortunately for me there were other guests staying there, lured like myself from London, who felt the cold as much as I did. It was almost before the days of brisk games out of doors which stirred the circulation. We were taken for long drives and returned with blue noses and chattering teeth. The meals were strangely sparse: never saw I partridges, grouse and chickens so small. But it was Religion which made the visit so hard to bear ... A Minister presided at the service (by the grace of Sir William)[1], clothed in everyday garments. There must be no music - the organ was the lure of the Scarlet Woman. You had to stand, stand, stand, you musn't kneel; you occasionally sat - I suppose we must have sat through the hour-long sermon; and the morning service seemed to last from ten o'clock to one ...
>
> Lady Mackinnon the previous Saturday night (after we had risen from a half-hour of prayers, during which Sir William had passed all his guests in review for the information of his God) had given us a taste of her mettle. Before the eleven female domestic servants had left the room she delivered a brief order to the senior of these Daughters of the Plow, and they had gone forth

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1. Mackinnon received the baronetcy six years later.

> about the drawing-rooms, library and hall and returned with the keys of the library and with all the worldly everyday books and magazines strewn about the sitting rooms. These they handed to their mistress who solemnly locked them up in a large cupboard in the principal drawing-room. The next day (the intolerable Sabbath) when we were back from the three hours service, and waiting about for announcement of lunch, I idly turned over the leaves of Bradshaw, the only form of non-sacred literature exposed to view. "Er-er-what have you there?" asked Mrs. Mackinnon. "A Bradshaw", I replied. She hesitated and gulped, but decided to say nothing and let me go to my doom."[1]

Johnston may have exaggerated in painting this picture of piety and plain living, because Stanley, who met his future wife at Balinakill, took a less harsh view of life there. He mentioned kindly hearted gatherings and hospitable feasts[2], while Kirk and Kaye referred at various times in their correspondence to enjoyable holidays spent at Balinakill.

These conflicting impressions about life at Mackinnon's home were paralleled by contrasting views about him. Some people, notably Salisbury, had a poor opinion of his ability, but he enjoyed the esteem, and in many cases the enduring friendship of such different and distinguished contemporaries as Frere, Kirk, Kaye, Gordon, Waller, Stanley and the Burdett-Coutts'. Some of his acquaintances were drawn to him by shared Christian faith and experience, but he clearly had a strong personality which enabled him to control large concerns.

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1. H.H. Johnston, Story, pp. 137-138.

2. Stanley, Autobiography, p. 449.

The source of his authority over people is a matter for conjecture, but perhaps it arose primarily from his religious commitment. The regulations which he made for Sunday observance on his ships, and the restrictions at Balinakill described by Johnston, seem strange now, but he was not merely concerned with observance. He tried very sincerely to live according to his beliefs, which in itself commanded respect, and he tried equally sincerely to confer what he regarded as the benefits of Christian civilisation upon less fortunate people. His great honesty in business was well illustrated by the City Bank case, at the end of which the judges particularly remarked on his integrity. Similarly the story of the I.B.E.A. Company reveals how he could embark upon an enterprise and work hard for it, without hope of immediate personal gain. When it was wound up Kirk said

> "With all its failings it has been an honest concern, not a money-making one, and but for its work we would not now possess a footing in East Africa."[1]

There were a number of memorials to Mackinnon in East Africa. A statue was erected to him in Mombasa, a road and market were named after him there and so were some mountains in the Ruwenzori Range. But in some ways the most enduring memorial to him is Keil School, in Scotland.

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1. Coupland, Exploitation, p. 486.

The day before he died he dictated a letter to his solicitors about the foundation of a "Kintyre Technical School"[1]. It must have been one of the last things on his mind because he was too weak to sign the letter. In so far as he ever formulated his beliefs, they are embodied in the principles of the school whose motto is "persevere in hope". Appropriately his statue was moved from Mombasa to the school in 1964.

The project was conceived by him and his nephew Duncan McNeil, but neither of them lived to see it. McNeil died before they had set out the details, and Mackinnon died six months after him, while the school was not opened till 1915.

When the school was finally established its purpose and the principles which were to guide it were known from what the two men had said, and from Mackinnon's letter. Primarily it was

> "... a scheme for assisting the education of deserving Highland lads ..."[2]

Because of its close association with the West Highlands of Scotland it was started at Keil near the end of the Kintyre peninsula in a mansion which was bought for the purpose. When this was burned down in December 1924, the school was moved to a very nice site at Dumbarton near Glasgow. The school had

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1. The name was later changed to Keil School.

2. Weekly Scotsman of 12 March 1959.

one more move. That was during the Second World War, when it was fittingly moved to Mackinnon's old home of Balinakill, which is now a hotel.

The Kintyre Technical School, as it was first called, was not just another conventional Scottish school. In addition to character building the school also places great emphasis on science and technology, to which Mackinnon attached much importance. It believes that

> "... discipline, leadership, independence, and initiative are just as important as English, Latin, Mathematics and Science."

The boys are taught not to rely on the labour of others, and Christian ideals are always kept in front of them[1]. Mackinnon had bettered himself in the world by these attributes of character and devotion to religion, so he wanted to encourage other Highland lads in the same direction.

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1. The Buteman and West Coast Chronicle, 20 July 1950. From speech by the retiring headmaster.

APPENDIX I

BRITISH INDIA STEAM NAVIGATION COMPANY "LIMITED".

CONTRACT
BETWEEN THE SECRETARY OF STATE FOR INDIA IN
COUNCIL AND THE BRITISH INDIA STEAM
NAVIGATION COMPANY "LIMITED"

Dated 14th April 1875

THIS INDENTURE made the fourteenth day of April One thousand eight hundred and seventy-five BETWEEN THE BRITISH INDIA STEAM NAVIGATION COMPANY "LIMITED" being a Joint Stock Company with limited liability registered under the Provisions of the Act of Parliament made and passed in the 25th and 26th years of the Reign of Queen Victoria entitled "An Act for the Incorporation Regulation and winding up of trading Companies and other Associations" of the one part and THE SECRETARY OF STATE FOR INDIA IN COUNCIL of the other part WITNESSETH that the said British India Steam Navigation Company Limited (hereinafter called the said Company) do for themselves and their Successors covenant and agree with the said Secretary of State for India in Council his Successors and Assigns in manner following that is to say:-

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This document is from the India Office Records, India Public Collections to despatches, vol. 60 (1875).

1. THAT they the said Company shall and will at all

Good and efficient Steamers to be provided.

times during the continuance of this contract or so long as the whole of any part of the several services hereby agreed to be performed ought to be performed in pursuance thereof provide maintain keep seaworthy and in complete repair and readiness for the purpose of conveying all the mails of Her Majesty's Government passengers and goods and specie as hereinafter provided a sufficient number of good and efficient steam vessels for the lines of communication hereinafter mentioned.

2. THAT all the vessels to be employed under this

Supply of magazines proper machinery &c.

contract shall be fitted up with magazines capable of holding gun powder or other combustibles to the extent noted below* and shall be always supplied and furnished with all necessary and proper machinery engines apparel furniture stores tackle boats fuel oil tallow provisions anchors cables fire pumps and other proper means for extinguishing fire charts chronometers proper nautical instruments and whatsoever else may be requisite and necessary for equipping the said vessels and rendering them constantly efficient for the several services hereby contracted to be performed and also manned

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* Fifteen tons for vessels under 1000 tons gross register tonnage. Twenty tons for vessels of 1000 tons gross register tonnage or upwards.

and provided with competent officers with appropriate certificates granted pursuant to the Act or Acts in force at the date of this contract or for the time being relative to the granting certificates to officers in the merchant service and with a sufficient number of efficient engineers and a sufficient crew of able seamen and other men to be in all respects as to vessels engines equipments engineers officers and crew subject in the first instance and from time to time and at all times afterwards to the approval of the Government of India on behalf of the Secretary of State in Council.

Replacement of disabled vessels.

3. THAT the said Company shall at all times during the continuance of this contract have in constant readiness for the due execution of the several services hereby contracted to be performed vessels equal in tonnage and efficiency to those hereby stipulated to be provided and shall in every case of any of the said vessels becoming disabled immediately at their own cost and charge replace the same by another good and efficient vessel of equal tonnage and power.

Lines of communication.

4. THAT the said Company shall and will establish and maintain the lines of communication by such steam vessels as aforesaid between the several ports and places hereinafter mentioned that is to say:-

LINE No. 1. Shall be a fortnightly communication between Calcutta, Chittagong, Akyab, Kyouk Phyoo with a four weekly extension to Sandoway during the fair season only and back by the same route performed by Steamers of not less than 320 Tons gross register Tonnage with Engines of 80 Horse Power.

LINE No. 2. Shall be a fortnightly communication between Calcutta, Akyab, Rangoon and back by the same route performed by Steamers of not less than 500 Tons gross register Tonnage with Engines of 100 Horse Power.

LINE No. 3. Shall be a weekly communication between Calcutta, Rangoon, Moulmein and back by the same route performed by Steamers of not less than 800 Tons register Tonnage with Engines of 120 Horse Power. But with the option of the Company of connecting Rangoon and Moulmein by a smaller Steamer.

LINE No. 4. Shall be a communication every four weeks between Calcutta, Chittagong, Akyab, Kyouk Phyoo, Sandoway, Bassein, Rangoon, Moulmein, Tavoy, Mergui, Pakchan, Kopah, Junkseylon, Penang, Malacca, Singapore and back by the same route performed by Steamers of not less than 320 Tons

gross register Tonnage with Engines of 80 Horse Power.

Note - At the option of the Company this line shall either commence at Calcutta as a separate service or be an extension of Line No. 1 from Kyouk Phyoo or terminate at Penang connecting there with line No. 5.

LINE No. 5. Shall be a fortnightly communication between Moulmein, Penang, Malacca, Singapore and back by the same route performed by Steamers of not less than 800 Tons gross register Tonnage with Engines of 120 Horse Power.

Note - This service to be an extension of Line No. 3 and provide a continuous service between Calcutta and the Straits.

LINE No. 6. Shall be a fortnightly communication between Madras and Northern Ports to Rangoon, and back by the same route performed by Steamers of not less than 800 Tons gross register tonnage with Engines of 120 Horse Power.

Note - The Company to have the option of working this service once only in every four weeks or of discontinuing it altogether should Government employ its own Steamers to do any considerable part of its work in the conveyance of troops and stores on this line.

LINE No. 7. Shall be a weekly communication between Calcutta and Bombay calling at ports on the Coromandel and Malabar Coasts, and back by the same route performed by Steamers of not less than 700 tons gross register tonnage and 100 Horse Power.

Note - The Company to have the option of employing smaller Steamers but not less than 500 tons gross register tonnage to call at some of the least important ports on the Malabar Coast timing their arrival to meet the regular Steamers at one of the principal ports and tranship cargo and passengers and thus maintain the continuity of the service.

LINE No. 8. Shall be a semi-weekly communication between Bombay, Kurrachee and back performed by Steamers of not less than 500 tons gross register tonnage with Engines of 100 Horse Power.

LINE No. 9. Shall be a weekly communication between Bombay and Busreh calling at intermediate ports and back by the same route performed by Steamers of not less than 700 tons gross register tonnage with Engines of 100 Horse Power.

Note - At the option of the Company this line to be worked either by way of Kurrachee as part of the semi-weekly service or direct to Guader or Muscat alternately giving a fortnightly service to these two ports. Government however to have the power to send the Steamer via Kurrachee on any voyage, (such voyage to count as one of the regular until voyages to Kurrachee) and also to require weekly communication with Muscat.

The Company shall also on receiving 18 months notice form establish and maintain weekly steam communication between Busreh and Bagdad if required to do so by the Government of India and furnished with the necessary authority from the Turkish Government for which communication they shall receive a special subsidy at the rate of Rupees two thousand per mensem.

LINE No. 10. Shall be a communication every four weeks between Aden, Kurrachee and Persian Gulf.

Note - The Persian Gulf portion of this service may be performed by one of the regular weekly Steamers.

5. That the ports to be called at by and the times of departure of the said steam vessels on their several voyages in the said lines of communication respectively and the times within which the runs in the said voyages shall be made from place to place and the periods of time they shall be detained and stay at the said ports and places shall be those which are particularly defined and specified in the Schedule hereunto annexed marked A, which said ports of call times and periods shall be observed by and shall be obligatory on the said Company subject nevertheless to the several provisions herein contained for the alteration of the said times and the detention of the said vessels.

Ports of call and Times of departure &c. specified in Schedule A.

6. That if nevertheless at any time or times during the continuance of this contract the said Government of India shall deem it requisite to alter the particular days or to define within particular limits the hours of departure from all and every or any of the ports or places to or from which the said mails are to be conveyed under or by virtue of this contract the

Government may alter times of departure &c.

said Government shall be at liberty so to do at any time or times and from time to time on giving one calendar Month's notice of such intention to the said Company and the particular days and hours of departure from all and every or any of such ports or places which may be appointed by any such alteration in force for the time being shall be deemed to be the days and hours of departure of the said mails under this contract and shall be observed and kept by the said Company accordingly.

Delay of 24 hours may be ordered or permitted by the Chief Commissioner Governor or Chief Civil Officer.

7. That should it be deemed by the Government of India or the Post Master General of Bengal or the Post Master of Calcutta or the Government of Madras or the Government of Bombay or the Chief Commissioner of British Burmah or the Governor of the Straits Settlements or in their absence respectively by the persons exercising their functions or by the Chief Civil Officer at any of the said ports or places respectively requisite for the public service that any vessel employed under this contract should delay her departure from Calcutta or from any of the ports or places aforsaid as the case may be beyond the period herein agreed upon and mentioned in the said Schedule A (or if the said Company shall so request) the said Government or Post Master General or Post Master or the said Chief Commissioner Governor or Chief Civil

Officer shall have power and be at liberty to order or permit such delay not however exceeding twenty-four hours by letter addressed to the master of any such vessel or person acting as such and which shall be deemed a sufficient authority for such detention.

Conveyance of mails

8. That during the continuance of this contract the said steam vessels shall on every voyage duly and safely carry all mails of the Government (including Post Office stores and all articles sent by post as well as the bags or boxes in which they are conveyed) which by the Government of India or the local Post Master General or the Government of Madras or the Government of Bombay or the Chief Commissioner of British Burmah or the Governor of the Straits Settlements or the persons exercising their functions respectively or the Chief Civil Officer or Post Master of any of the ports or places herein mentioned shall be required to be conveyed on such voyage between any of the ports and places aforesaid.

Delivery and receipt of mails by boats of the Company.

9. That the said mails shall be duly and safely and with all possible despatch delivered and received at each of the places to which the said vessels are to proceed in the performance of this contract and that the said mails shall in every case be conveyed to and from shore in a suitable and sea-worthy boat

of not less than four oars to be furnished with effectual covering for mailbags and properly provided manned and equipped by the said Company.

Landing delivering and receiving of mails - Orders of Government &c. to be attended to.

10. That the said Company and all commanding and other Officers of the vessels to be employed in the performance of this contract and all agents seamen and servants of the said Company shall at all times during the continuance of this contract punctually attend to the orders and directions of the said Government of India or local Post Master General or (as respects the said places other than Calcutta) of the Governor Chief Commissioner or other Chief Civil Officer or the Post Master (or the person exercising his functions) of the said ports or places as to the landing delivering and receiving of the said mails.

Penalty for receiving letters otherwise than under Clause 8 of the Contract.

11. That the said Company shall not nor shall any of the masters of any of the vessels employed or to be employed under this contract receive or permit to be received on board any of the vessels employed under this contract any letters for conveyance other than those required to be conveyed under or by virtue of the 8th Clause of this contract and such letters as are provided for in the Indian Post Office Act of 1866 Section V. and in case of any and every breach

of this Clause the said Company shall forfeit and pay to the said Secretary of State in Council his Successors and Assigns the sum of Rupees ten for every letter so improperly received on board any such vessel.

12. That if the said Company shall at any time fail to provide an efficient vessel in accordance with the terms of this contract ready to put to sea from any one of the terminal ports on the lines of communication hereinbefore mentioned including Madras Bombay and Rangoon on and at the duly appointed day hour or time then and in each case and as often as the same shall happen the said Company shall forfeit and pay unto the said Secretary of State in Council his Successors and Assigns as and by way of liquidated damages the sum of Rupees five hundred for each and every successive twenty-four hours up to the seventh day inclusive which shall elapse from and after the duly appointed hour until such vessel shall actually proceed to sea on her voyage in the due performance of this contract and in calculating such delay any fraction of a day shall reckon as a complete twenty-four hours but nevertheless so that the said Company shall not in any case be liable to any penalties under this Clause if the default be proved to the satisfaction of the Government of India (which shall be notified in writing to the said Company by

Penalty for failure to provide efficient vessel ready to put to sea.

one of the Secretaries to the Government of India or by the Director General of the Post Office) to have arisen from circumstances over which the said Company and their servants had not and could not have had any control.

Penalty for vessel on lines 2, 3 and 8 failing to arrive in due time.

13. That in case any vessel employed or to be employed in the performance of Lines Nos. 2, 3 and 8 of this contract namely the direct fortnightly service between Calcutta and Akyab the direct weekly service between Calcutta and Rangoon and the direct semi-weekly service between Bombay and Kurrachee shall not arrive at the several ports or places at the times at which having regard to the stipulated duration of the several passages the same vessel ought so to arrive then and in each and every of such cases and as often as the same shall happen the said Company shall forfeit and pay unto the said Secretary of State in Council his Successors and Assigns as and by way of liquidated damages the sum of Rupees twenty-five for every hour and fraction of an hour during which the said vessel shall fail to arrive at the next port of destination but nevertheless so that the said Company shall not in any case be liable to any penalties under this Clause if the late arrival is not exceeded by six hours or nine hours in the case of arrivals at Rangoon or at Akyab from Rangoon under line No. 2 or if the default be proved to the

satisfaction of the Government of India or of the Director General of the Post Office (which shall be notified in writing to the said Company by one of the Secretaries of the Government or by the Director General of the Post Office) to have arisen from circumstances over which the said Company and their servants had not and could not have had any control.

That in case any Vessel employed or to be employed in the performance of lines Nos. 1, 4, 5, 6, 7, 9 and 10 of this Contract shall not arrive at the terminal Port or Place for any voyage at or within the time at which the same Vessel ought so to arrive there pursuant to this Contract then and in each and every of such cases and as often as the same shall happen the said Company shall forfeit and pay unto the said Secretary of State in Council his Successors and Assigns as and by way of liquidated damages the sum of Rupees Twenty-five for every hour and fraction of an hour during which the said vessel shall not arrive at such terminal port or place at or within the time aforesaid but nevertheless the Company shall not in any case be liable to penalty if the late arrival does not exceed six hours.

That for the purposes of this Clause the voyage shall mean the single journey only and not the journey from one terminal port or place and back to the same and also that for the purposes of this Clause so far as lines Nos. 1, 4, 5, 6, 7, 9 and 10 are concerned and before any penalty shall be

incurred thereunder the said Company shall be entitled to the following periods of time namely the time allowed by this contract for the voyage from the port or place of commencement thereof to the terminal port or place at the rate of 7½ miles an hour besides three times the period allowed in the Schedule as minimum stay at the several ports mentioned therein as intermediate between the terminal ports whether the occasional ports have been called at or not and whether or not such time be occupied in staying as aforesaid. But nevertheless so that the said Company shall not in any case be liable to any penalties under this Clause if the default be proved to the satisfaction of the Government of India (which shall be notified to the Company by one of the Secretaries to the Government of India or by the Director General of the Post Office) to have arisen from circumstances over which the said Company and their servants had not and could not have any control.

Penalty for failure to remain for the stipulated time at ports.

14. That in case any such vessel shall fail to remain at any of the ports of call for the spaces of time mentioned in the said Schedule A hereunto annexed or shall commence the voyage before the time appointed in the said Schedule (unless the earlier departure of such vessel shall be authorized in writing by the Government or the Director General of the Post

Office or the local Post Master General, or the Governor or Chief Civil Officer at the said port or place) the said Company shall forfeit and pay unto the said Secretary of State in Council his Successors or Assigns as and by way of liquidated damages the sum of Rupees one hundred for every hour and fraction of an hour which such vessel shall so fail to remain less than the specified time. But with a view to the punctual arrival of the Steamers at the Presidency cities, the Masters of the Steamers shall be permitted to exercise discretion in curtailing the stay at the minor ports, Government however or the Chief Civil Officer shall have the power to detain the Steamers the full Schedule time if the exigencies of the public service require it.

Power of Government to survey and measure vessels.

15. That the Government of India shall also have full power at such stated intervals as Government may deem it requisite, to survey at Calcutta, Madras or Bombay or such other port or ports as Government may from time to time appoint by duly qualified officers or servants all and every the vessels employed and to be employed in the performance of this contract and the hulls thereof and the engines machinery furniture tackle apparel stores equipments officers engineers and crew thereof and to measure the capacity for troops or passengers of the said vessels or for other the purposes for which such vessels

are required under this contract and their hulls shall be opened whenever the said officers or servants of Government authorized to survey as aforesaid may require and that if any such vessels or any part thereof or any engine machinery furniture tackle apparel boat store or equipment thereof shall on any such survey be declared by any of such officers or agents unseaworthy or not adapted to the several services hereby contracted to be performed such vessel shall be deemed inefficient for any service hereby contracted to be performed and shall not be employed again in the conveyance of the said mails until such defect or deficiency shall have been repaired or supplied to the satisfaction of the said Government of India and that if such vessel shall be employed for the carriage of the mails before such defect or deficiency shall have been repaired or supplied to the satisfaction of the said Government the said Company shall forfeit and pay to the said Secretary of State in Council his Successors or Assigns the sum of Rupees two thousand. And the Company if dissatisfied with the Government surveyor's report or measurement shall have the power to require a special survey by two independent surveyors to be appointed by Government whose decision shall be accepted as final.

16. That the said Company shall and will when and so often as they or (as respects places other than Calcutta) when and as often as they or any of the masters of their respective vessels shall by notice in writing be required so to do by the Government of India or by any of their Civil or Military or Naval servants or agents acting under their authority or by the Governor of the Straits Settlements receive provide for victual and convey on board such vessels or vessel to and from and between any of the places to which such vessel is about to proceed and at the several rates of passage money specified in the Schedules hereafter written marked B and C respectively according to the several classes of passengers therein provided for such persons as shall be certified as proceeding on public duty and shall and will in like manner on the requisition in writing of the Post Master or of the Chief Civil authority at any port or place receive and convey any Postal Officer proceeding on duty free of all charge according to the class by which under the regulations of the Post Office Department for the time being he may be entitled to travel (together with such servant or servants as he may be entitled to take with him under the regulations of the Post Office Department for the time being also free of charges) provided nevertheless that not more than one such free passage shall be claimable at

Conveyance of Government passengers goods and specie - Schedules B and C.

one and the same time and shall also in like manner convey such public stores goods gun-powder or other combustibles except nitro glicerine and dynamite not exceeding the capability of the magazine of the vessel and specie as they may be required by the said authorities or any of them charging for freight in respect thereof at the rate specified in that behalf in the said last mentioned Schedules and such passengers on public service and such public stores horses cattle goods gun-powder or other combustibles and specie shall be so conveyed at all times in preference to private passengers or ordinary freight. Provided that reasonable notice be given of the intention to forward such passengers stores goods gun-powder and other combustibles and specie. Provided further that in cases of unusual emergency and under the special orders of Government the Company may be required to provide accommodation for Government passengers and goods without notice as aforesaid if it can be done without re-landing any passengers or goods actually on board. Provided further that the said Company shall and will whenever required so to do by the Government of India or the Chief Commissioner of British Burmah as from the 12th day of January 1875 convey from Calcutta to Burmah as deck passengers on the said lines connected with that Province viz: Nos. 1, 2, 3 and 4 State Emigrants of the age of seven years and under that age free of charge and for all

State Emigrants above the age of seven years at the rate of Rupees seven and annas eight for each Emigrant exclusive of food and shall and will convey from Calcutta to British Burmah all live and dead stock and good and grain required for agricultural purposes in connection with the State Emigrants' referred to at one-half of the rates mentioned and specified in the Schedule B hereto annexed and that the steamers of the said Company alone shall be employed for the purpose.

Government may take up the Company's steamers for conveyance of troops &c.

17. That if at any time during the continuance of this contract and so often as the Government of India or the Government of Madras or the Government of Bombay shall require any of the steam vessels of the said Company employed or to be employed under this contract for the conveyance of troops for towing vessels or for other purposes and shall cause notice of such requirement to be given to the said Company by writing under the hand of any of the said Secretaries to the said Governments then the said Company shall and will permit the said vessels or any of them to be taken up used and employed for the conveyance of troops for towing vessels or for other purposes exclusively by the said Government for any period of time during this contract on the terms following - that is to say that all the coal

which shall be consumed shall be supplied by the said Government and the said Secretary of State in Council shall moreover pay to the said Company by way of hire for the use of each vessel so employed by the said Government at the rate of Rupees twenty per ton according to the gross registered tonnage of the said vessel for every month or portion of a month during which the same shall be so employed and at the rate of Rupees eighteen per ton per month after the first six months. Provided that a vessel taken up under this Section shall be regarded as under hire until it shall have returned to the port of original departure the time so reckoned from the date of discharge from actual service to the date of return to the port of original departure not exceeding in any case the time required to perform the return voyage at the speed of 7½ miles per hour and shall be entitled to hire for at least one month and that the said Company shall be free on behalf of vessels so taken up of all charges for Port dues use of Moorings Harbor Master's services Light dues & Pilotage and shall not be required to tow more than one vessel at a time unless to prevent disaster ship-wreck or to escape the fire of an enemy and shall not be required to carry more troops or Passengers than the Passenger Act or Government certificate provides for excepting in cases of unusual emergency.

Rate of hire and General Conditions.

When vessels are taken up for the conveyance of troops under this Section the said Company must arrange if required so to do for the messing of passengers and troops on such scales and at such rates of charge as may from time to time be agreed upon between the Government and the Company.

Further it is provided that no penalties shall be incurred by the Company under Clause XII of this agreement should the Company be compelled temporarily to discontinue part or the whole of the services owing to Government taking up the Company's Steamers under the terms of this Clause but a rateable mileage deduction shall be made from the subsidy should the Company in such circumstances not maintain at least all the services provided for under the contracts in force in 1872 as stated in the margin* and all the conditions and penalties of this

No deduction from the subsidy for non-performance of services owing to Government hiring the steamers.

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* The following is the information given in the margin of the original document:

1. Calcutta and British Burmah weekly with a continuation to the Straits once every four weeks.
2. Bombay and Kurrachee weekly with a continuation to the Persian Gulf once a fortnight.
3. Calcutta Bombay and Intermediate ports on the East and West Coasts fortnightly.
4. Madras, Rangoon & Intermediate ports on the East Coast once every four weeks.
5. Akyab to Kyouk Phyoo and back fortnightly with a four weekly extension to Sandoway.

agreement shall attach in respect of such services as the Company continue to perform.

18. That every sum of money stipulated to be forfeited by the said Company shall be considered as liquidated or ascertained damages and shall be deducted out of any monies then payable or which may thereafter become payable to the contractors or the payment thereof may be enforced with full cost of suit and no payment on account of the contract shall be deemed as waiver of the right to recover any antecedent to which the contractors may be liable.

Monies forfeited may be deducted from monies payable.

19. That all notices and directions which the said Secretary of State in Council or the Secretaries of the Government of India or the Director General of the Post Office or the Officers or other persons of the said Governments of India, Madras and Bombay or the Governor of the Straits Settlements are by these presents authorized and empowered to give to the said Company their officers, servants or agents may as respects places other than Calcutta at the option of the said authorities be either delivered to the master of any of the said vessels or other officer or agent of the said Company in the charge or management of any vessel employed in the performance of this contract or may be left for the

Notices and directions under this contract how to be delivered.

said Company at their last known office or place of business in India and that as respects Calcutta all such notices shall be so left for the said Company at their last known office or place of business in Calcutta.

20. AND THIS INDENTURE FURTHER WITNESSETH that in consideration of the premises and of the due and faithful performance by the said Company of all the several services hereby contracted to be performed by them the said Secretary of State in Council for himself his Successors and Assigns doth hereby covenant that there shall be paid to the said Company their Successors and Assigns so long as they perform the said several services in the manner and with such vessels as herein provided the annual subsidy of Rupees seven lacs and twenty-five thousand* only such subsidy to be payable for each month or other period or fraction thereof on the 15th day of each succeeding month on production of certificates from the Post Master or Deputy Post Master of the several Ports signifying the due carriage and delivery of the said mails according to this contract during the preceding month or other period and there shall also be paid to the said Company monthly on the 15th day of each month and after

Subsidy for the several lines.

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* This was approximately £55,770. I am grateful to Dr. K.H. Chaudhuri, of the School of Oriental and African Studies, for this estimate. I.K.O.

production of proper Bills, Vouchers and Receipts for the same the amount of the passage money and freight of all such passengers native doctors and warrant officers troops horses cattle goods stores and specie as shall for any previous month have been carried and conveyed by the said Company on behalf of Government by virtue of or under the provisions of these presents at and after the rates specified respectively in the said Schedules B and C hereunder written. And that there shall be also paid the said special subsidy of Rupees two thousand per month before mentioned in respect of the Line between Busreh and Bagdad No. 9 in case the same shall become payable.

Contract to continue up to 30th April 1884.

21. AND it is hereby agreed and declared that this contract shall commence on 1st May 1874 and shall continue in force up to the 30th April 1884 and shall then terminate if either the said Secretary of State in Council or the said Company shall have given notice in writing on or before the 30th April 1883 of his or their intention to put an end to the contract and in the absence of such notice shall continue in force until the expiration of twelve calendar months from the time when such notice shall have been or may be given.

22. And it is further agreed and declared that without the consent of the said Secretary of State signified in writing under the hand of one of the Secretaries for the time being to the Government of India this contract shall not, nor shall any part thereof be assigned underlet or disposed of and in case of the same or any part thereof being assigned underlet or otherwise disposed of without the consent signified as aforesaid or of any great and habitual breach of this agreement on the part of the said Company their officers agents or servants and whether there be or be not any penalty or sum of money payable by the Company for any such breach it shall be lawful for the Secretary of State for India in Council if he shall think fit by writing under his hand or under the hand of one of the Secretaries for the time being to the Government of India to determine this Contract without any previous notice to the Company or their Agents nor shall the Company be entitled to any compensation in respect of such determination.

Contract not to be assigned. Power to determine it in the event of a breach by the Company.

23. If at any time during the continuance of this contract or after the determination thereof any dispute shall arise between the parties hereto their Successors or Assigns respectively concerning any breach or alleged breach by or on the part of

Disputes to be referred to arbitration.

the Company of this contract or the sufficiency of any such breach to justify the Secretary of State for India in putting an end to the same or concerning any of the convenants matters or things therein contained of in any ways relating thereto and notwithstanding the power herein contained to determine this agreement and any execution or attempted execution of such power such dispute shall be referred to two arbitrators one to be chosen by the Government of India and the other by the Company and if such arbitrators should at any time or times not agree in the matter or question referred to them then such question or difference shall be referred by them to an umpire to be chosen by such arbitrators before they proceed with the reference to them and the joint and concurrent award of the said arbitrators or the separate award of the said umpire when the said arbitrators cannot agree shall be binding and conclusive upon both parties.

If when agreement terminates any vessels have started voyage to be continued as if contract remained in force.

24. If on the termination of this contract by effluxion of time or otherwise any vessel or vessels have started or shall start with the mails in conformity with this contract such voyage or voyages shall be continued or performed and and completed to the terminus and the mails be delivered and received during the same as if this agreement had remained in force with regard to any such vessel or vessels and services and with respect to any such

vessels and services last aforesaid this agreement shall be considered as having terminated when such vessels and services shall have reached their port or place of destination and been performed. And subsidy at a proportionate mileage rate (calculated upon the mileage rate of subsidy payable under this contract) shall accrue and be paid for on the voyage or voyages so completed.

25. And lastly the said Company do hereby bind themselves and their Successors unto the Secretary of State for India in Council and his Successors in the sum of Rupees two lacs as and by way of liquidated damages to be paid to the said Secretary of State in Council his Successors or Assigns by the said Company upon and in case of the determination of this Contract by notice as aforesaid in consequence of a breach of contract or the winding up of the said Company against whose estates the said sum of Rupees two lacs shall and may be proved as a debt.

Damages in case of determination of breach, &c.

In witness whereof the said British India Steam Navigation Company "Limited" have hereunto affixed their seal and one of the Secretaries to Government in the Financial Department by order of the Right Hon'ble the Viceroy and Governor-General of India in Council acting for and on behalf of the said Secretary of State in Council has hereunto set his hand and seal the day and year first above written.

Signed, Sealed and delivered by the BRITISH INDIA STEAM NAVIGATION COMPANY LIMITED by their attorneys NEIL MACMICHAEL and THOMAS MELVILLE RUSSELL in the presence of

CHAR. SANDERSON
Solr. to Government

BRITISH INDIA STEAM NAVIGATION COMPANY LIMITED
by their attorneys
N. MACMICHAEL
T.M. RUSSELL

Seal

Seal

Signed, Sealed and delivered by R.B. CHAPMAN, Secretary to the Government of India in the Financial Department acting for and on behalf of the Governor General of India in Council, acting for and on behalf of the Secretary of State for India in Council in the presence of

J.W. TWALLING

R.B. CHAPMAN

APPENDIX II.

CONCESSION GIVEN BY THE SULTAN OF ZANZIBAR TO THE BRITISH EAST AFRICAN ASSOCIATION

PREAMBLE

His Highness the SEYYID BARGHASH-BIN-SAID, Sultan of Zanzibar and its East African dependencies, hereby grants the following concessions for a term of fifty years to the Corporation or Association under the presidency of Mr. WILLIAM MACKINNON, hereinafter to be called the British East African Association, or the Association who, on their part, agree to accept the accompanying obligations.

ARTICLE I

His Highness the Sultan makes over to the British East African Association all the power which he possesses on the mainland in the Mrima, and in all his territories and dependencies from Wanga to Kipini inclusive, the whole administration of which he concedes to and places in their hands to be carried out in his Highness's name, and under his flag, and subject to his Highness's sovereign rights; but it is understood that the Association is to be responsible for all the affairs and administration of that part

of his Highness's dominions included in this concession, and that his Highness the Sultan shall not be liable for any expenses connected with the same, nor for any war or 'diya' (blood-money), or for any claims arising therefrom, none of which his Highness shall be called upon to settle. No other but themselves shall have the right of purchasing public lands on the mainland or anywhere in his Highness's territories, possessions, or dependencies within the limits above named except through them, as in the case now with his Highness. He also grants to the Association or to their representatives the faculty of levying taxes upon the people of the mainland within the limits above named. His Highness further agrees to do all acts and deeds that may be necessary to give full effect to the terms of this concession, to aid and support the Association or their representatives with all his authority and force, so as to secure to them the rights and powers hereby granted.

It is further agreed upon by the contracting parties that nothing contained in the following Articles of Concession shall in any way infringe or lessen the rights accorded by his Highness to the subjects or citizens of Great Britain, the United States of America, France, Germany, or any other foreign powers having treaty relations with his Highness, or the obligations which are or may be imposed upon him by his adhesion to the Berlin General Act.

ARTICLE II

His Highness authorises the Association or their representatives to appoint in his name and on his behalf commissioners to administer any districts in his Highness's possessions included in the limit of territories named above, except as hereinafter provided; to appoint such subordinate officers as may be required; to pass laws for the government of districts; to establish courts of justice; and generally to adopt such measures as may be necessary for the protection of the districts and interests under their rule.

His Highness further authorises the Association or their representatives to make treaties with subordinate and other native chiefs, such treaties and engagements to be ratified and confirmed by him in such cases as they are made in the name of his Highness. His Highness also agrees to cede to the Association or to their representatives all the rights which he himself possesses over the lands in the whole of his territory on the mainland of Africa within the limits of this concession, only excepting the private lands or 'shambas', and gives the Association all forts and unoccupied public buildings, excepting such buildings as his Highness may wish to retain for his own private use, a schedule of such buildings, plantations, or properties to be drawn up and agreed to between his Highness and the

Association. Further, he authorises them to acquire and regulate the occupation of all lands not yet occupied; to levy and collect local or other taxes, does, and tolls; to do all these and such other acts as may be necessary for the maintenance and support of such local governments, forces, administration of justice, the making and improving of roads or water communications, or other public works, defensive or otherwise, and for the liquidation of debts, and payment of interest upon capital expended. The judges shall be appointed by the Association or their representatives, subject to the Sultan's approval; but all Kathis shall be nominated by his Highness.

In aboriginal tracts the law shall be administered by the Association or their officials.

The stipends of the Governors, and all other officials in the territories occupied and controlled by the Association or their representatives, shall be paid by them.

ARTICLE III

His Highness grants to the Association or to their representatives the right to trade, to hold property, to erect buildings, and to acquire lands or buildings by purchase or negotiation anywhere within his Highness's territories included in the limits of this concession, with the consent of the proprietors of any such lands and houses.

ARTICLE IV

His Highness grants to the Association or to their representatives special and exclusive privileges and powers to regulate trade and commerce; also the navigation of rivers and lakes, and control of fisheries; the making of roads, tramways, railways, canals, and telegraphs, and to levy tolls and dues on the same; also the power to control or prevent the importation of any merchandise, arms, ammunition of all sorts, intoxicating liquors, or any other goods which, in the opinion of the Association or their representatives, are detrimental to law, order, and morality, and in whatsoever his Highness is not bound towards other Governments. But it is clearly understood that all exercise of these privileges and powers shall be in conformity with existing treaties between his Highness and foreign states.

ARTICLE V

His Highness authorises the Association or their representatives to occupy in his name all ports at the mouth or mouths of any river or rivers, or elsewhere in his dominions included in the limits of this concession, with the right to establish custom-houses and to levy and collect dues on any vessels, goods, etc., arriving at or departing from such port or ports, and to take all necessary measures for the prevention of smuggling, subject in all cases to the treaties above named.

ARTICLE VI

His Highness grants to the Association or to their representatives the exclusive privilege to search for and work, or to regulate, lease, or assign, in any part of his Highness's territories within the limits of this concession, any mines or deposits of lead, coal, iron, copper, tin, gold, silver, precious stones, or any metal or mineral, or mineral oils whatsoever; also the exclusive right to trade in the same, free from all taxes and dues, excepting such moderate royalty on minerals only, not exceeding five per cent. on the first value of the article, less the working expenses, as may be hereinafter agreed by the Association and their representatives, to be paid to His Highness; also the right to use all forest trees and other woods and materials of any kind whatsoever for the purpose of the works aforesaid, and also for trade. But the wood used for building and for burning, commonly known as 'borti', may be cut on the mainland by others, as now, by payment of such dues to the Association of their representatives as they may agree upon; but no such dues shall be required for wood cut for his Highness's use.

ARTICLE VII

His Highness grants the Association or their representatives the right to establish a bank or banks anywhere in his Highness's territories above mentioned, with the exclusive privilege of issuing notes.

ARTICLE VIII

All the aforesaid powers and privileges to extend over and be available for the purposes and objects of the Association or their representatives, during the whole of the term of fifty years next, and dating from the time of this concession being signed.

At the conclusion of the said term all the public works, buildings, etc., shall revert to the Sultan, his heirs and successors, if desired, at a valuation to be fixed by arbitrators chosen by both parties.

ARTICLE IX

His Highness grants to the Association or to their representatives the régie or lease of the customs of all the ports throughout that part of his Highness's territories above defined, for an equal period of time to the other concessions, upon the following terms, viz.:- The Association hereby guarantee to pay to his Highness the Sultan the whole amount of the custom duties which he now receives both from the import and export trade of that part of his Highness's dominions included in this concession, but it is understood that his Highness shall not claim the duty or any part of this trade twice over, and that the Association shall therefore be entitled to claim a drawback for the amount of any duties which may hereafter be paid direct to

his Highness on any imports to, or exports from, the ports included in this concession; and the Association further guarantees to pay to his Highness fifty per cent. of the additional net revenue, which shall come to them from the custom duties of the ports included in this concession, and his Highness grants to the Association all rights over the territorial waters in or appertaining to his dominions within the limits of these concessions, particularly the right to supervise and control the conveyance, transit, landing, and shipment of merchandise and produce within the said waters by means of a coastguard service both on land and water.

ARTICLE X

In consideration of the foregoing concessions, powers, and privileges being granted by his Highness, the Association, or their representatives, allot to his Highness, free of cost, one founder's share, which shall entitle him to such proportion of the net profits, as shown by the books of the Company, after interest at the rate of eight per cent. shall have been paid upon the shareholders' paid-up capital, as shall attach to the one founder's share.

ARTICLE XI

These concessions do not relate to his Highness's possessions in the Islands of Zanzibar and Pemba, nor to

his territories south of Wanga or north of Kipini; and it is understood that all public, judicial, or government powers and functions herein conceded to the Association or to their representatives shall be exercised by them only in the name and under the authority of the Sultan of Zanzibar.

ARTICLE XII

It is hereby agreed by both parties that these concessions and the corresponding obligations, as set forth, shall be binding upon both parties, their heirs, successors and assigns, during the term of fifty years for which they have been agreed upon.

Zanzibar, May 24, 1887.

For the British East African Association,

(Signed) E.N. MACKENZIE.

Zanzibar, May 24, 1887.

I witness the above signature of Mr. E.N. Mackenzie.

(Signed) FREDC. HOLMWOOD.

Registered No. 1464A.

(Signed) FREDC. HOLMWOOD.

British Consulate-General, Zanzibar,

May 25, 1887.

Note - This appendix is from, British East Africa or I.B.E.A. , by P.L. Mcdermott.

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